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3 July 1985

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

STRAUSS' MOTIVES IN BAITING OF BONN COALITION UNCLEAR

Hamburg DIE ZEIT in German 31 May 85 p 1

[Commentary by Rolf Zundel: "Kohl: Support Him or Overthrow Him? Second-Guessing What Franz Joseph Strauss Is Aiming At"]

[Text] Actually, the CSU had intended to enjoy the disaster in Northrhine-Westphalia. It had expected that its sister party would develop enough critical unrest alone, without Bavarian help. And it had hoped that to it would fall the task of providing this criticism with dimension and direction. No one could have reproached the Bavarians with once again playing the role of notorious mischief-makers.

But things turned out differently. The CDU hardly complained at all; the defeat seemed to the CSU after all more dangerous than it first had thought; the strategy learned from Adenauer did not suit the Bavarian temperament; Zimmermann hurried forward, and the others had to follow. In any case, the CSU had in the meantime built up an atmosphere of threats and pressuring that is unique even for this party that is so familiar with political spectacles. The Pentecostal storms from Bavaria were accompanied by thunder and lightning. Not so highly placed officials of the CSU are even toying with such terminology as "withdrawal of the ministers," and "question of the coalition." The almost-forgotten Bonn guessing game is beginning anew: what does the CSU really want? What are Franz Josef Strauss' true intentions?

It is not totally by chance that some are reminded of Herbert Wehener, who also possessed a pronounced ability to stir up political speculation. The speculators at times turned up nothing of value--sometimes for the simple reason that there was nothing on which to base speculation. Here, too, there are parallels to Strauss. At times, to be sure, close attention was appropriate, for example, when the SPD party chairman began a direct attack on Chancellor Willy Brandt. And some of his remarks were characterized by the same bilious disdain with which Strauss now speaks of "Mr. Public Official Kohl," or when he expresses the fervent hope that he might one day experience the chancellor's exercising his authority to decide on government policy.

The ideas that Strauss thus clothed in biting irony were formulated by Friedrich Zimmermann as an angry accusation directed by a disappointed departmental minister against the Bonn head of state: "I would have welcomed it if he had intervened earlier." A minister of the interior who treats the chancellor in such a way, and who then allows his own ministerial spokesman to publicly quarrel with the government's spokesman--this is something new in the institutional history of the FRG, a reason for dismissal, if rigorous guidelines were to be applied. The mild censure by the chancellor, who revealed his "amazement," is of little use. Stoiber and Tandler, the gentlemen from Munich,

grouped themselves around the hero of this righteous cause, like angels with flaming swords.

What Was The Matter?

What had moved the interior minister, who is by nature a man of precise discipline, to this kind of criticism of the chancellor? There are various explanations. One view focuses more on Zimmermann's attempts to safeguard his position within the CSU and to protect himself from displeasure from the highest places. The other view is that, shocked at the results of the election in Northrhine-Westphalia, he went beyond the dictates of discipline and simply said what he thought was the matter.

Such explanations say as much about the mood as do the indignant comments from the CDU camp according to which solidarity, which otherwise is a commodity that is hard to come by in the union parties, has been lavished in overwhelming Christian charity upon Zimmermann. What is more important, however, is that Zimmermann represents a political sphere that is crucial to the integration of CDU, and even more so of CSU, voters. A change in the right to demonstrate, a ban on masks and disguises at public demonstrations: the liberals consider this bad, the experts regard it as impractical, and the large mass of voters is uninterested in the issue. What, for heaven's sake, can be thereby achieved? The answer is relatively simple: it has the effect of getting disappointed changeover voters to commit themselves. And there are many of these in Bavaria.

There is in Bavaria a strong tradition of "law and order," and emotional feelings against the "masked mob" are not far below the surface. Furthermore, Bavaria is a state in which agriculture plays a key role. But the farmers are no longer totally loyal, as they demonstrated in the past few elections. The CSU minister for agriculture has already been made very aware of this.

Moreover, Bavaria has a high percentage of expelled persons; the Sudeten Germans are considered to be a fourth tribe in the Land. To be sure, they do not evince the narrow-minded German nationalist militancy that is sometimes demonstrated by Silesian functionaries; the milder royal and imperial tradition still has its effect on them. But this group, which is possibly the best-organized in the state, is naturally very sensitive to border issues.

The middle class, too, whom the FDP is poaching, must be won over. And finally, --Bavaria is, after all, a loyal Catholic Land--the CSU has to deal with the convinced Christians, who regard morality in this state as far too lax, and who, for example, are still demanding the revision of section 218, for which there is no majority in the Bonn coalition.

Those groups that are described in part as hard-core CSU voters and in part as the right wing of the party, i.e. all those who had promised themselves more for their pocketbooks and for order, for their feelings and for their ideology than the Bonn coalition has been able to deliver, are today to be found highly concentrated in Bavaria. This does not mean that the CSU is a dogmatically

conservative party. Such a view is contradicted by its economic dynamism, its closeness to the individual citizen, and its pragmatism, which is unequalled in the CDU. When things start to crumble in these groups, the only result is that the election prognoses of $55 + x$ percent are not fulfilled (this used to be the formula; now it tends at times to be $50 + x$.) And of course, the Munich CSU is already thinking of the Bavarian parliamentary elections which will take place next fall.

Bavaria therefore offers only the clearest example of what is a general problem confronting the union parties: the difficulty that a ruling party has when it must doubly disappoint its militant followers: on the one hand because it requires the support of a broad spectrum of the electorate in order to form a majority; and on the other hand because the pragmatism of government always lags behind the idealism of a particular platform.

Burst Of Activity

What possibilities exist for the CSU to satisfy its own followers? Good governmental work, successes, these are the textbook answers in a democracy. Successes - this would mean first and foremost a reduction in unemployment. This is also the 'ceterum censeo' of the Bavarian minister president, to put it in his beloved Latin. And this is also the reason that the federal government is introducing a whole palette of programs and measures that are intended to demonstrate its ability and determination to take decisive action.

This burst of activity is surprising, as it is not the economic statistics that have worsened, but rather the election results. The programs are designed accordingly. They are not targeted at the labor market in general, but specifically at the situation that will prevail in 1986, in particular at the time in which the basic mood will begin to develop with regard to the election campaign for seats in the Bundestag. To this extent, the "tendency to self-destruction" in Bonn is not quite as pronounced as Strauss presumes.

Good governmental work - is this really enough? On the whole, the legislation that has been passed by the coalition to date generally corresponds to what had been expected. Consolidation, stabilization, improvement of economic conditions within the framework of the possible - is all of this nothing? From the construction site in Bonn, a noise is constantly bombarding the ear of the electorate that political scientists and commentators regard as a characteristic of good, democratic politics; this noise is the acoustical accompaniment to the drilling of thick boards. The electorate, however, especially the neo-conservative voters, are relatively unimpressed by the noise. They hear only secondary sounds: the public palaver that cheerfully accompanies this work. And they evidently want more, something different: perspectives, concepts, fronts, about which they can reach concrete decisions. Strauss understands this very well.

Seen in this perspective, the at times quite irrational campaign of the CSU against the liberals has a different, rational meaning. The polarization of the 1950's in foreign and economic policy, which worked so well for the union

parties in terms of voters, and which is called to mind by the names Adenauer and Erhard, is not detectable these days among politicians of the union parties. Foreign policy and economic policy are handled today by Genscher and Bangemann. And it is precisely these liberals, who are also well-represented in legal policy, who are treated delicately by the chancellor. They blur the clear, ideological profile of foreign policy and of legal policy, and in the areas in which they are spurring on the changeover, they are taking votes away from the union parties.

And then there is the chancellor himself. After the March, 1983 election, Helmut Kohl had by and large isolated Strauss. And he had made him very much aware of this. In the meantime, however, it is often heard from the Bavarians that "the old man" was right, after all, with his skepticism regarding the chancellor. This, then, results in the CSU politicians making this skepticism an unavoidable public fact, for which television provides them with ample opportunity. They vehemently lay claim to a leadership which they vociferously deny themselves.

What is the purpose of all this? Unlike Adenauer and Erhard at the end of their tenure in office, Kohl is in possession of an almost unbeatable combination of qualities: relative youth, the will to power, and control of the party. It will be a long time before Kohl allows himself to be shunted to one side. And it is at this point that the Bavarian campaign begins to become absurd. Wehener was prepared to go to the extreme, if necessary, of overthrowing the chancellor. The CSU, however, cannot do this, nor does it wish to. Then why does it persist in dismantling a chancellor at whose side the party must enter the next Bundestag election campaign?

Much of the CSU's behavior is understandable: their concern for the Landtag and Bundestag elections, their anger at the FDP, their reservations concerning Kohl, their efforts to play a role in shaping political guidelines. But none of this changes the fact that in dealing with the head of state, there are, when all is said and done, only two possibilities: to support him, or to overthrow him. Because of the way in which it is currently acting, the CSU is doing neither. As efficacious as it may appear in Bavaria to maintain a certain distance from Bonn and from the chancellor, to make Kohl into the Worms of the Federal Republic would, in the final analysis, only harm the Christian Socialists themselves, in Bonn as well as in Bavaria.

12792

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POLITICAL

GREECE

KKE INTRANSIGENT TOWARD NEW GOVERNMENT

Athens I KATHIMERINI in Greek 9-10 Jun 85 p 1

[Text] The KKE will no longer be patient with the PASOK, and as it expresses its conviction that the situation will get worse and that social class struggles will escalate, it threatens the government with decisive claims of the people's rights. In the resolution of the Central Committee of the party, in which the reasons for the KKE's electoral retrogression are analyzed and the reasons for the PASOK's victory as well as those of the rise of the New Democracy are listed, the following threats are levelled at the government:

"The masses which voted for the PASOK will, undoubtedly, no longer show the kind of inclination to wait they displayed during the first term of the PASOK government, and they will claim their rights more resolutely. Those masses start from the premise that the PASOK has behind it 3.5 years of governing the nation. Consequently, they now have concrete experiences, more criticisms and an inclination to fight, as well as an increased alertness toward all forms of autocratic, anti-labor and anti-popular activities and methods."

It is also significant of the resolution that:

. It invites workers to act in unison, regardless of party commitments. "Immense possibilities are also emerging for joint action between Communists and all workers and youth, regardless of ideological or party commitments."

. It questions the political map as shaped by the results of the elections. "The picture of post-electoral political life must not be taken for granted on the basis of election results. There is no doubt that the ratio of forces as it appears in election results does not reflect the ratio of forces among the people. And it is to be expected that significant forces of the change, which did not vote for the KKE's unifying slate in an atmosphere of pressures, will diverge in the direction of the Left..."

. It doubts that the PASOK has any possibility of justifying recent government failures. "It is excessively difficult for the PASOK government, in the postelection period, to find justifications for its policy with respect to the notorious theory of the feasible, the Karamanlis obstacles, etc."

. It invites fugitives from the PASOK to come home to the KKE. "The prevalence among PASOK leaders and in its political practises of conservative,

autocratic, demagogic and anti-communist tendencies will alert the leftist and steadfast forces of the change in that area, so they will disassociate their responsibilities from the government's policy. Communists must not permit the fruition of the PASOK leaders' attempts to sow discord and strife among those who are the basis of the PASOK and the KKE."

12278

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POLITICAL

GREECE

ND AND KKE "SHORTCOMINGS" GAVE PASOK VICTORY

Athens I KATHIMERINI in Greek 9-10 Jun 85 p 4

[Article by Kon. Tsaloglou in The Column: "Approaches to Election Results"]

[Text] The evaluation that the PASOK was a party "for only one term in government" was almost confirmed. Until the last minute its leadership was in doubt as to whether it would win the elections. It won them due to a very significant error in the New Democracy's "platform," a "shortcoming" in the governmental program it submitted to the voters. The KKE committed the same error, but for totally different reasons. Thus it didn't become possible for the parties of the opposition to turn in their favor the votes of all those who left the PASOK because it failed to keep the promises it made and because they no longer trusted it to be more consistent in the future. Beyond this, which was at the heart of the election results, a number of other "motives" for preferring a party were at work, which added or subtracted a few hundredths of units here and there. Consequently this electoral confrontation was not historically crucial.

PASOK Economic Failure

From the first day it was formed, the PASOK government proceeded to improve the income of the most unfairly treated categories of workers and retirees, to talk of nationalizations whereupon decisions in enterprises would be made by the workers, with the contribution of the role played by local self-management, to organize mass social demonstrations for a "better life," to toss out business owners, to give the measure of its socialist conscience. Because, however, its economic policy not only proved unable to maintain the output of the national production mechanism at the level it had found it, but even to prevent its significant disintegration, social services began to be curtailed, the participating presence of workers in decision-making turned into the most docile GSEE [Greek General Confederation of Labor] and into "article 4," calamitous foreign loans were resorted to in order to find the capital needed to maintain the picture of the "social state," the mass media were shockingly monopolized, government began to turn to a number of other anti-democratic, unconstitutional measures in order to maintain its party's influence, to promote its program of the promised "change" by unorthodox means.

A natural consequence of these government practices was the disaffection from the PASOK of its followers or voters of 1981, of those who have the capacity

for a global vision of the government's work and do not evaluate it by the light of some claim of a personal or professional nature that was or was not satisfied. For that portion of the initial supporters of the PASOK, increases in minimum wages and pensions and other pay-offs, which Mr. Papandreou calls "social rewards," did not stem criticisms of the government's actions, they did not "wipe out" their cost. And the price was the regression of the economy, excessive borrowing, extensive unemployment, the rejection of dialogue, the reign of the "Green Guards," the obvious attempt to establish a party-state, the dividing of citizens into friends and enemies of the party, totalitarianism in the use of the radio and television, the decline in the "standards" of government "speeches," the scornful handling of the leader's own colleagues, "nepotism," the lack of following bred by lack of credibility. "Participatory Democracy" will not put up with any of these. Nor does it accept that "paving the way" for it justifies them. Whoever peels onions...has no intention of baking a cake!

In his preelection campaign Mr. Papandreou was not in a position to convince either about a better economic tomorrow for the nation, because he has an efficient economic policy, or about a revision of his numerous and dangerous anti-democratic habits. He thus lost the support of those who no longer have any trust in the PASOK's capability to elaborate and implement an efficient economic policy, and in the premier's assurances of respecting constitutional legality and equality among the citizens. He was left, of course, with the vast majority. Of those who are content with the reality of financial and "social" rewards. Who believe deeply, with touching faith, in the infallibility of their view, that the New Democracy, the "Right," is clearly inimical both to the social mission of the state and, even much more so, to the elevation of workers to the status of active elements in shaping their living conditions.

Social Oversights of The New Democracy

During its preelection enlightenment-campaign the New Democracy fell into the error of devoting all its efforts to convincing the voters that it has an economic policy capable of pulling the economy out of the "ditch" into which the PASOK drove it, for the time being. That, consequently, it can contribute to the elimination of unemployment, to the increase of the real labor income. The New Democracy began by admitting that unemployment had caused great discomfort in the families of the unemployed, that the purchasing power of the urban and rural population decreased to such an extent that increasing it constitutes the chief if not the single claim of those concerned. The truth is that "unemployment" is "absorbed" without too much "pain" by the revenue situation of the Greek family, with exceptions to the rule of course, because that revenue situation is not yet a source of discomfort. Besides, how could the revenue situation of Greek families be bad when, precisely to prevent its tumbling down to the real level of the country's production capacity, within three and a half years the government borrowed at home and abroad a full year's national revenue, approximately three trillion drachmas, to be distributed for private consumption?

And so, the New Democracy turned its attention, in rather a traditional way,

to the promotion of quantitative payments, underestimating the effect on today's Greek, who is rather satisfied quantitatively, of opening up horizons of qualitative improvements in his social position. It is this oversight which made it possible to identify the "Right" with the faction which is only interested in the profits of big business, which enabled the inspired PASOK alternative: PASOK or the Right! to gain "social" content. And thus the New Democracy lost the battle!

KKE: With Foreign Hierarchies

The KKE's "error", the one that led to the decrease of its proportional electoral force, since it gained nothing from the voters who were added between 1981 and 1985, the "handicap" of its own political "platform" stems from this party's peculiarity of looking for its political wisdom in "environments" which have other, different sets of priorities from the concrete Greek one. In this political confrontation the KKE was not interested in a "participatory democracy" of the workers but in its own "participating presence" in the post-election government of the PASOK. And it did not aspire to this "participating presence" in the name of a more equitable economic policy and a more active participation of the workers in decision-making centers but in the name of its withdrawal from NATO and the EEC, the removal of nuclear arms and American bases, the elimination of all organic relations with western capital, the establishment of privileged ties with the nations of "real socialism." That is, claims which are of little concern to the average Greek citizen. And the proof that they are of no concern to him is that he gave his support in a ratio of 90 percent of the totality, to the parties denounced by the KKE as being "crypto-western," the PASOK and the New Democracy.

Papandreou: He Drew Conclusions

In his speech to the members of the "temporary" government, Mr. Papandreou has given the impression that he has "drawn" some correct conclusions. He has realized that the trust given him in 1981 has been dangerously shaken. That if he does not change his tactics, both in the area of economic measures and that of a "participatory," particularly a "simple," democracy he is going to fall from power very soon. The question is whether he has the strength and the wish for such a change. Those who hope so are still quite numerous. Those who believe it are very few!

12278

CSO: 3521/270

POLITICAL

ICELAND

IDENTITY CRISIS IN PEOPLE'S ALLIANCE

Reykjavik NEWS FROM ICELAND in English Jun 85 p 20

[Article by Elinar Sigurdsson]

[Text]

The socialist People's Alliance (PA), the most vociferous party of the Icelandic left and once the leading force in the parliamentary opposition, is contending with severe internal problems that are driving some of its prominent figures away and leaving it handicapped in the battle for Iceland's volatile electorate. It is acknowledged that some party members have even contemplated an open split and the formation of a new leftist party based around trade union personalities.

The PA's problems were highlighted in a newspaper interview with Vilborg Hardardóttir, its deputy leader, where she acknowledged the internal struggle and revealed that the two most important figures, party leader Svavar Gestsson and Asmundur Stefánsson, the leader of the Icelandic Federation of Labour which comprises trade unions within the private sector, were hardly on speaking terms. This is said to be because of the two men's different views on how to conduct the trade union movement, now that it is faced with a centre-right coalition government.

Party leader Gestsson is said to favour a much firmer and more uncompromising line than Stefánsson, the union leader. The

party paper, *Thjóðviljinn*, has kept up a barrage of thinly-veiled attacks on the private sector unions, and gone so far that Gestsson is even said to have intervened on their behalf. His attempts to bring peace to the party seem to have been thwarted: the paper's editor persists. Hardardóttir's revelations about the PA's internal problems were thus underlined by these attempts to silence its paper, and they serve well to illustrate the party's plight.

Recently, nothing seems to have gone right for the socialists. The party's fortunes have been flagging and it has seen the Social Democratic Party (SDP) of Jón Baldvin Hannibalsson take over as the leading party of opposition.

Hannibalsson's recent soaring to fame has left the PA dumbfounded. He rode the crest of the opinion polls just as soon as he was elected party leader in the autumn. Undoubtedly he was aided by the shrinking popularity of a government faced with bitter industrial disputes, but under normal circumstances that would have helped the PA just as much. But it didn't. It seems as if the political tide, such as it was, never went further to the left than to the centrist SDP.

The most recent opinion polls have underlined this trend. Interestingly, they also show the conservative Independence Party (IP) gaining back some of the support it had lost, thus making the Progressive Party of Prime Minister Steingrímur Hermannsson the loser in the government camp.

These developments must have the PA leaders worried. Recent labour unrest has failed to turn industrial radicalisation into active political radicalisation, which would have been to their advantage. At the moment the swing seems to be largely confined to parties on the centre of Icelandic politics, i.e. the Progressive Party, which is losing, and the Social Democrats, who are gaining. It is interesting to note that IP seems to be gaining some ground and has not lost any of the support it received in the last general election, even though its ministers have been in the forefront in the industrial battles that have dominated the news during the past weeks and months.

There is little doubt that the labour disputes this winter

caused voter upheaval, so the PA leadership must be wondering where it went wrong. For one thing the public service strike last autumn seems to have been an opportunity missed by the party. This largely spontaneous show of industrial radicalisation by union members seems to have taken the PA leadership somewhat by surprise. The self-styled vanguard was apparently left behind and saw other parties gather the spoils of war.

Somehow the PA lost its voice. The party is contending with an identity crisis, carrying a radical socialist and even communist heritage but being constantly pushed into the social democratic tradition. Last year the party underwent an institutional transformation whereby it was changed into an umbrella organization intended to draw into the party fold a large number of interest groups operating in Icelandic society. This exercise, however well it might have been publicised, seems to have failed, and only brought further confusion to an already wavering party.

CSO: 3600/18

POLITICAL

NORWAY

ELECTION CAMPAIGN GETS OFF TO QUIET START

Stockholm SVENSKA DAGBLADET in Swedish 25 May 85 p 5

[Article by Morten Abel]

[Text] Oslo--The election campaign has begun in Norway. A new Storting will be elected in September but top politicians have already met face to face in political duels in which economic, security and foreign policy issues have been the dominant themes.

All opinion polls to date show that the government parties have a comfortable lead and that the Willoch government is likely to remain in office. The Labor Party seems to be having trouble finding issues that will distinguish the party and create enthusiasm among party members while attracting new supporters. The opinion polls have been uniformly disappointing although the latest one showed some gains for the Labor Party.

"We have guaranteed Norway's security and influence in the world by holding a steady course in foreign and security policy. And we have averted a threatened stagnation in the Norwegian economy and brought about new growth with increased investment and high production, higher employment and higher real wages." Prime Minister Kare Willoch made those statements in a recent interview.

Lower Unemployment

He stressed in particular that inflation is now lower than it has been for a long time--5.4 percent over the last 12 months--which the prime minister feels is a vital factor in solving the unemployment problem. Incidentally, unemployment has started to decline.

Social policy has also been a hot item in Norwegian politics, with long waiting lines at hospitals resulting from problems in the health care system. But Willoch maintained that in spite of the problems the government has continued to expand health care and said that efficiency has increased so that there are more results produced by the money that is invested. Increased emphasis on higher education and research was also included in the prime minister's political statement and he gave the government credit for exciting new cultural initiatives.

Enthusiasm Lacking

Opposition leader Gro Harlem Brundtland has presented her promises on behalf of the Labor Party. At the top of the list is the creation of 150,000 new jobs. At the recent LO [Norwegian Federation of Trade Unions] congress she sharply criticized those who try to give the impression that Norway cannot afford full employment. At the end of April registered unemployment in Norway was 56,000--3.3 percent of the total labor force. But this figure was 13,000 below the figure for the same period last year, which shows that the problem of unemployment is diminishing. That is undoubtedly one reason why the Labor Party did not manage to create much enthusiasm with regard to its campaign promises.

The party also promised to triple the expansion of hospital spaces if it wins government power and it is thinking of stepping up housing construction.

"It is no longer enough to just store up our oil revenues," Gro Harlem Brundtland asserted.

She also launched the idea at the LO congress of a fund of 20 billion kroner for use in the next 4 years for research, new business establishments and business changes. The Labor Party wants to use 10 billion kroner in Norway and 10 billion abroad. This may be one of the party's biggest issues leading up to the election.

Holland Seen as Bad Example

The prime minister lashed out at his major political opponent in the best campaign battle style:

"All restraints on rash statements have obviously been lifted as far as the Labor Party is concerned. The party's politicians are failures when it comes to accounting," said Willoch.

"The way the Labor Party is planning to use this money could have very big consequences for the economy," he said and pointed to Holland as a bad example of a country using its fuel revenues for a rapid expansion of public spending. The result was cost increases that broke many industrial firms and gave the country record high unemployment levels in northern Europe.

Division

Since 1981 the distance between the Conservative and the Labor parties has increased steadily on the issue of foreign and security policy. In the Labor Party old attitudes have been re-evaluated and revised, as Labor veteran Guttorm Hansen has acknowledged:

"I would have been dead if I hadn't taken part in this kind of re-evaluation process," he said.

And former Foreign Minister Knut Frydenlund pointed out that similar divisions on security policy issues have occurred in one NATO country after another. The Labor Party wants a Nordic nuclear-free zone but this must occur within the framework of NATO cooperation, the party stressed.

The division on Norwegian foreign policy is reflected by the sharp criticism that the Labor Party has directed at Foreign Minister Sverre Strøm, among other reasons because he did not react quickly enough to President Reagan's trade boycott of Nicaragua.

Prime Minister Willoch said that the Labor Party can be compared to people sitting in a glass house and throwing hand grenades when the party criticizes the government for lack of cooperation on foreign and security policy. If one assigns any importance to the Labor Party's own statements the party would create decreased NATO solidarity if it had government power, which would weaken NATO's possibilities of securing peace in the North Atlantic area, Willoch said.

Campaign Strife

But these are just the opening rounds in the campaign strife that will become more intense as we get closer to September. The problem for the Labor Party is to kindle enthusiasm for its own issues and that is hard as long as the government continues to present increasingly positive figures when it comes to both inflation and unemployment.

"Everything is going so much better now," is the government's campaign theme.

The latest opinion poll showed that the Labor Party has the support of 38.5 percent of the voters, which is 1.5 percent better than the previous month. In other words this was a long awaited positive sign for the party. The Socialist Left Party has a support level of 6.5 percent in this opinion poll while the Liberal Party, which has threatened to back a Labor Party government, has a 3.5 percent support level. But the Labor Party's gain did not rock the Conservative Party's standing which with a support of 33 percent is in a stronger position than it was in the last Storting election, when it got 31.7 percent of the vote. With the backing of the Christian People's Party which had a 7.0 percent approval rating in May and the Center Party which had a rating of 6.0 percent and the Progressive Party in the role of swing voter with 3.5 percent, Gro Harlem Brundtland still has some way to go before she can prepare to take over as prime minister.

6578

CSO: 3650/253

POLITICAL

NORWAY

POLLS GIVE CONFLICTING RESULTS; LABOR, CONSERVATIVES IN DUEL

Most Show Conservatives Gaining

Oslo ARBEIDERBLADET in Norwegian 25 May 85 p 6

[Article by Gunnar A. Johansen]

[Text] Just 4 months before the election the opinion polls have split in all directions. Norwegian Market Data's April poll showed a gain for the Conservatives while the Labor Party continued to decline. The Scan-Fact poll from a week or so ago showed the opposite tendency. And right in the middle, with no big shifts for the two major parties, lies the Market and Media Institute's poll which is also being released today.

In the Market Data poll for April the Conservatives shot up--a gain of 2.4 percent, bringing them up to 33.6. The Labor Party dropped 0.9 percent to 36.7. The Christian People's Party also lost by as much as 1.6 percent--putting it at 7.7. The Progressive Party gained 1.4 percent to end at 5.8. Otherwise there were only small changes in the Market Data poll.

Split

There are big disagreements between the opinion poll institutes. About a week ago VERDENS GANG published a poll showing the opposite tendency. It showed the Labor Party rising to 38.5 percent. And in contrast to Market Data, Scan-Fact showed gains for both the Liberals and SV [Socialist-Left Party].

The market and Media Institute's May poll, which is being published in DAGBLADET today, is right in the middle. It shows only small changes for the Conservatives and Labor. Both show a slight decline. But MMI [Market and Media Institute] shows an enormous gain for the Liberal Party.

Skeptical

The secretary of the Labor Party, Ivar Leveraas, is skeptical about the big shifts and the differences between the institutes.

"The Norwegian Market Data poll shows such big changes in a single month that it is hard for me to believe that it is accurate. Both the Conservatives and the Christian People's Party show changes that are not within the margin of error. The same thing may also be true of the Progressive Party. We are seeing exactly the same tendency as we had before the election 2 years ago. The opinion polls are splitting in all directions. And none of them managed to predict the election results then," said Ivar Leveraas.

Norwegian Market Data's Political Barometer

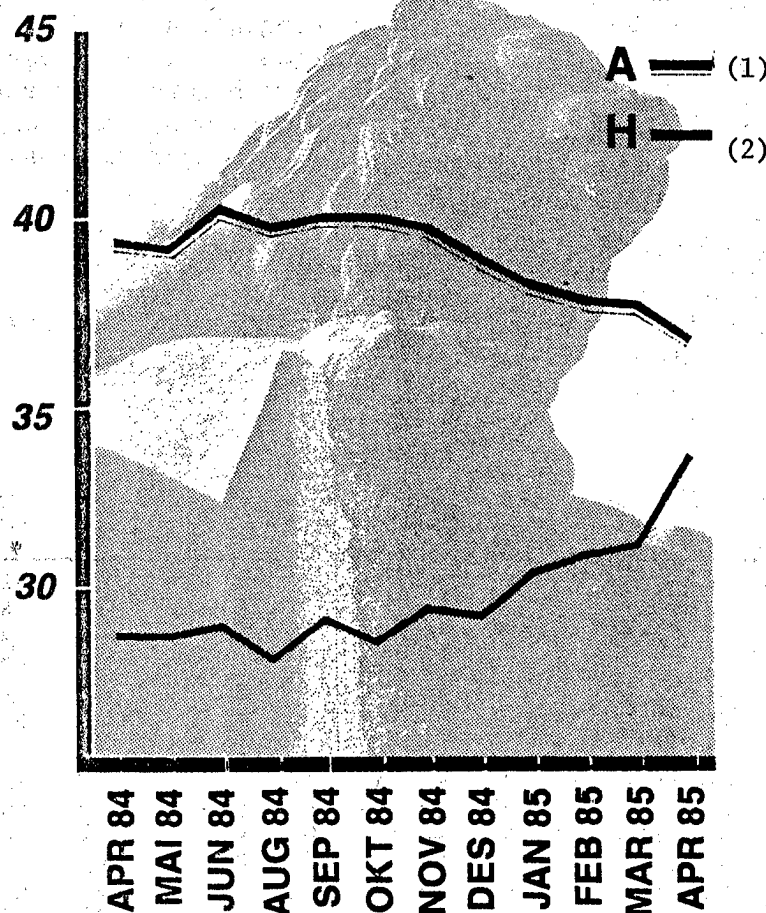
Question: Would you vote if we had an election tomorrow? If yes, which party would you vote for?

| | | 1) | 2) | 3) | 4) | 5) | 6) | 7) | 8) | 9) | 10) | 11) |
|--------------|-----|------|------|-------|-----|-----|-----|-----|-----|-----|-----|-------|
| | 12) | A | H | KR.F. | SP | SV | V | FRP | DLF | NKP | RV | ANDRE |
| | AR | % | % | % | % | % | % | % | % | % | % | % |
| 13) Valg | 81 | 37,1 | 31,8 | 9,3 | 6,6 | 5,0 | 3,9 | 4,5 | 0,6 | 0,3 | 0,7 | 0,2 |
| 14) Valg 83 | » | 38,9 | 26,4 | 8,8 | 7,2 | 5,3 | 4,4 | 6,3 | 0,7 | 0,4 | 1,2 | 0,3 |
| Januar | 84 | 38,9 | 28,7 | 7,9 | 5,7 | 5,9 | 4,0 | 7,0 | 0,3 | 0,4 | 1,1 | 0,2 |
| Februar/Mars | » | 38,4 | 28,9 | 8,3 | 5,7 | 6,5 | 4,0 | 7,1 | 0,2 | 0,1 | 0,6 | 0,2 |
| April | » | 39,2 | 28,6 | 8,7 | 6,1 | 5,2 | 3,3 | 6,7 | 0,6 | 0,2 | 1,1 | 0,4 |
| Mai | » | 39,0 | 28,6 | 7,6 | 6,3 | 5,8 | 3,8 | 7,5 | 0,2 | 0,2 | 0,7 | 0,3 |
| Juni | » | 40,1 | 28,9 | 7,7 | 5,3 | 6,2 | 4,0 | 6,2 | 0,4 | 0,4 | 0,5 | 0,4 |
| August | » | 39,6 | 28,0 | 8,5 | 5,2 | 6,0 | 4,1 | 7,1 | 0,4 | 0,3 | 0,8 | 0,1 |
| September | » | 39,9 | 29,1 | 8,9 | 5,6 | 5,4 | 4,5 | 5,7 | 0,2 | 0,3 | 0,5 | 0,0 |
| Oktober | » | 39,3 | 28,5 | 8,5 | 5,1 | 6,0 | 3,4 | 6,4 | 0,7 | 0,3 | 0,7 | 0,5 |
| November | » | 39,6 | 29,4 | 8,6 | 6,0 | 5,1 | 3,7 | 5,9 | 0,3 | 0,3 | 0,7 | 0,4 |
| Desember | » | 38,8 | 29,2 | 8,2 | 6,6 | 5,6 | 4,4 | 5,4 | 0,4 | 0,3 | 0,8 | 0,2 |
| Januar | 85 | 38,1 | 30,4 | 8,3 | 6,0 | 5,1 | 3,7 | 7,0 | 0,5 | 0,4 | 0,5 | 0,0 |
| Februar | » | 37,7 | 30,9 | 8,7 | 4,7 | 5,2 | 4,1 | 6,3 | 0,4 | 0,9 | 1,0 | 0,1 |
| Mars | » | 37,6 | 31,2 | 9,3 | 6,5 | 5,1 | 3,9 | 4,4 | 0,6 | 0,3 | 0,8 | 0,3 |
| April | » | 36,7 | 33,6 | 7,7 | 6,1 | 4,8 | 3,5 | 5,8 | 0,3 | 0,2 | 0,9 | 0,4 |

Interviews were conducted in the period from 22 April to 20 May. Of 1262 people interviewed, 1037 answered the question concerning party preference.

Key:

- | | |
|-----------------------------|------------------------------|
| 1. Labor Party | 8. Liberal People's Party |
| 2. Conservative Party | 9. Norwegian Communist Party |
| 3. Christian People's Party | 10. Red Election Alliance |
| 4. Center Party | 11. Others |
| 5. Socialist-Left Party | 12. Year |
| 6. Liberal Party | 13. 1981 election |
| 7. Progressive Party | 14. 1983 election |



The position of the big political parties in recent months. Can we rely on these figures?

Key:

1. Labor Party

2. Conservative Party

Expert: Conservatives, Labor Tie

Oslo ARBEIDERBLADET in Norwegian 25 May 85 p 6

[Article by Lone Hansen]

[Text] "The tendency is quite clear. The Labor Party and the Conservatives have an equal chance of winning the fall Storting election. The outcome of the final spurt is a toss-up.

"It is quite normal that opinion polls conducted by several independent institutes differ from one month to the next. It is the trend over a period of time that is interesting."

Election expert Frank Aarebrot made these remarks to ARBEIDERBLADET.

"Errors must always be expected in opinion polls. If several bureaus show the same tendency in a short space of time and it is going in the wrong direction, it would be suspicious. Which is what happened before the last municipal election when everybody predicted that the Labor Party would do poorly. The forecast was wrong and that was strange," said Frank Aarebrot.

Consolidation

"It has been a major trend over a period of time that the Conservative Party is now consolidating its own voters. Its gains are due to the fact that the party is now winning back uncertain voters, not that it is taking voters away from other parties.

"It has been said that the Labor Party has stagnated. But the Labor Party has an extremely loyal group of voters, which was mobilized primarily in connection with the municipal elections. In brief, both parties have succeeded in mobilizing their own voters.

"There will be a battle over three important groups; those voting for the first time, those who stay at home and voters who traditionally turn to the smaller parties. The battle over people voting for the first time will be increasingly important," said Frank Aarebrot.

Party Shift

Stealing voters from other parties is the hardest kind of mobilization. This happened in 1981 when a number of voters went directly from the Labor Party to the Conservatives. But the Labor Party won many of its voters back in the municipal elections 2 years later.

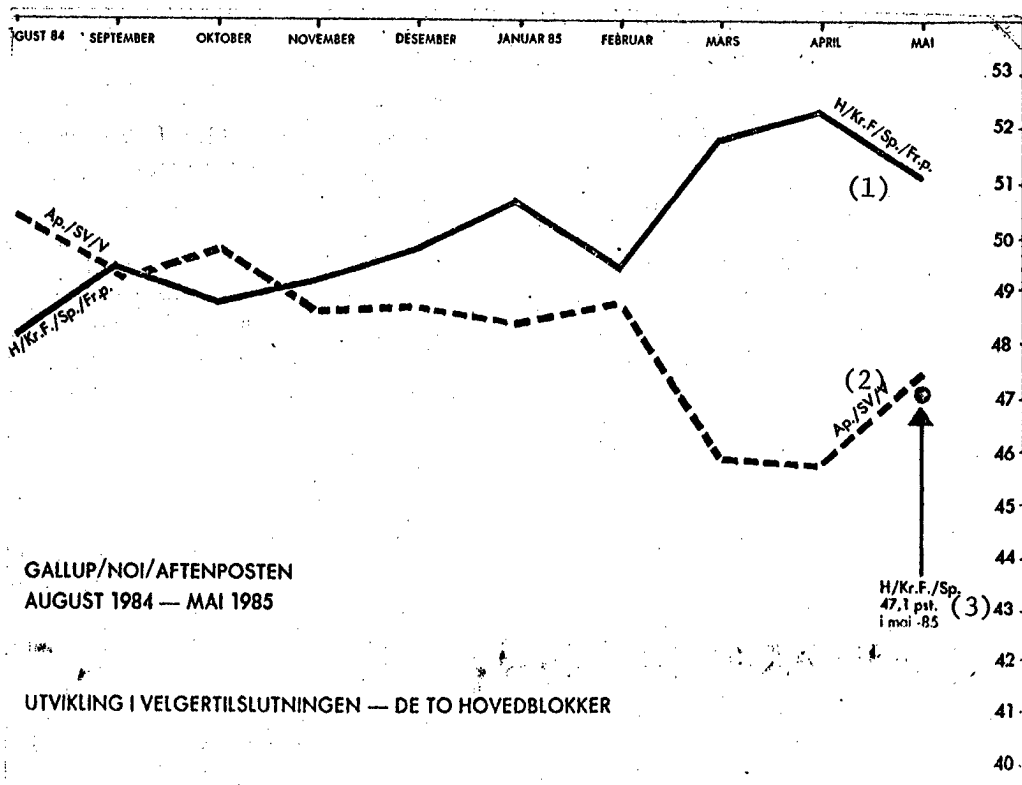
"Catch phrases about a Conservative wind or, for that matter, a red wave, are exaggerated. No party has a particularly good or bad starting position. I cannot detect any election wind. It will be an open struggle right up to election day. And as far as the opinion polls are concerned, it is the August poll that will be of special interest," said Frank Aarebrot.

Gallup Finds Nonsocialist Majority

Oslo AFTENPOSTEN in Norwegian 1 Jun 85 p 3

[Article by Egil Sundar]

[Text] A good 3 months before the election there are still signs that there will be a nonsocialist Storting majority, but the socialist bloc, the Labor Party, SV and the Liberals, is strengthening its position in relation to the government coalition. And what is more, for the first time since last November the Labor Party is moving ahead. This is shown by the Gallup/NOI [Norwegian Opinion Institute]/AFTENPOSTEN political barometer for May.



Voter Support Trend for the Two Major Blocs
Gallup/NOI/AFTENPOSTEN, August 1984-May 1985

Key:

1. Conservatives, Christian People's Party, Center, Progressives
2. Labor Party, Socialist-Left, Liberals
3. Conservatives, Christian People's Party, Center, 47.1 percent, May 1985

According to this latest political opinion poll, the three government coalition parties, the Conservatives, the Christian People's Party and the Center Party, have a total support of 47.1 percent while the socialist challengers registered 47.4 percent as a group. However the nonsocialist bloc as a whole, including the Progressive Party, continues to have an edge with a support level of 51.1 percent.

Battle for Votes

The main thing that today's opinion poll tells us is that every vote will count if we want to guarantee the Willoch government 4 more years. With the relatively small margins that separate the nonsocialist and socialist blocs no one can take victory for granted--even though the May Gallup/NOI poll does give the nonsocialists the upper hand. It would not take much to change the overall picture.

Conservative Party's Starting Position

Developments in the prime minister's own party should be followed with special attention. In May the Conservatives registered a support level of 31.9 percent compared to 30.6 percent in the previous poll, which seems to confirm earlier assumptions that the biggest government party can look forward to good election results. The question is whether they will be good enough in the fight for government power. In the 1981 Storting election, the Conservatives received 31.8 percent of the votes, 0.1 percentage point lower than their support now in May. Thus they are in an excellent starting position.

But the most interesting feature in today's poll is the fact that the Labor Party has broken the downward trend that has lasted ever since last November. According to Gallup/NOI's poll for AFTENPOSTEN in the period from 10 to 25 May the Labor Party has a support level of 38.9 percent compared to 38.2 in the previous poll. We will not be able to tell whether this means that the Labor Party is really on the way up again until we see the results of the June poll. Therefore the suspense is great, not only for party people at Youngstorvet but also for the nonsocialist parties, which have been able to nurse limited optimism on the basis of their gains in the preceding months.

From a nonsocialist point of view it feels good to be able to note that the Conservative Party is making a comeback after going down the month before. When we add the fact that the Christian People's Party's support level of 8.7 percent is the highest it has been in the Gallup/NOI poll since last October, there is no reason to feel downcast. On the other hand the May poll shows a new decline for the Center Party, from 7.3 percent in April to 6.5 percent in May, although of course it should be noted that the party's Storting result was only 0.1 percent below the latter figure. Far more dramatic is the situation of the Progressive Party, which fell from 6.1 to 4 percent in the course of the past month.

The background material for the current opinion poll shows that Carl I. Hagen's party has a lower degree of voter stability than it has had for a long time, which of course is saying a great deal. Unstable Progressive voters explain the big shifts from month to month. And in a decisive government election like the one coming up, the Progressive Party risks losing a few more voters to the Conservatives. A good 72 percent of Progressive voters now say that the Conservative Party is their alternative choice.

| (1) | Stor- tings- val- get | 1984 | | | | | 1985 | | | | | Mal % |
|------|--------------------------------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|----------|
| | | 1981 | Aug. | Sept. | Okt. | Nov. | Des. | Jan. | Feb. | Mars | April | |
| | | % | % | % | % | % | % | % | % | % | % | |
| (2) | A | 37,1 | 40,0 | 39,3 | 40,0 | 40,9 | 40,8 | 40,3 | 39,4 | 38,7 | 38,2 | 38,9 |
| (3) | DLF .. | 0,6 | 0,6 | 0,0 | 0,5 | 0,5 | 0,5 | 0,0 | 0,8 | 0,2 | 0,5 | 0,1 |
| (4) | FP ... | 4,5 | 5,8 | 5,1 | 5,6 | 5,3 | 6,6 | 6,2 | 4,9 | 4,4 | 6,1 | 4,0 |
| (5) | H | 31,8 | 29,1 | 30,3 | 29,2 | 29,9 | 29,0 | 30,6 | 30,8 | 32,6 | 30,6 | 31,9 |
| (6) | Kr.F. | 9,3 | 7,4 | 8,4 | 8,7 | 8,6 | 8,4 | 8,6 | 8,2 | 8,2 | 8,3 | 8,7 |
| (7) | NKP | 0,3 | 0,3 | 0,6 | 0,1 | 0,8 | 0,2 | 0,0 | 0,1 | 0,4 | 0,3 | 0,1 |
| (8) | RV ... | 0,7 | 0,6 | 0,6 | 0,5 | 0,7 | 0,6 | 1,0 | 0,8 | 1,0 | 0,9 | 0,9 |
| (9) | S | 6,6 | 5,8 | 5,5 | 5,2 | 5,3 | 5,7 | 5,2 | 5,5 | 6,6 | 7,3 | 6,5 |
| (10) | SV | 5,0 | 5,8 | 5,5 | 6,1 | 5,0 | 4,7 | 4,7 | 5,0 | 4,5 | 5,3 | 5,2 |
| (11) | V | 3,9 | 4,6 | 4,4 | 3,7 | 2,7 | 3,2 | 3,4 | 4,4 | 2,7 | 2,3 | 3,3 |
| (12) | Andre | 0,2 | 0,1 | 0,3 | 0,5 | 0,3 | 0,2 | 0,1 | 0,1 | 0,7 | 0,3 | 0,3 |
| (13) | Sum.. | 100,1 | 100,1 | 100,0 | 100,1 | 100,0 | 99,9 | 100,1 | 100,0 | 100,0 | 100,1 | 99,9 |
| (14) | A + SV. H + Kr.F. | 42,1 | 45,8 | 44,8 | 46,1 | 45,9 | 45,5 | 45,0 | 44,4 | 43,2 | 43,5 | 44,1 |
| (15) | + S A + SV | 47,7 | 42,3 | 44,2 | 43,1 | 43,8 | 43,1 | 44,4 | 44,5 | 47,4 | 46,2 | 47,1 |
| (16) | + V H + Kr.F | 46,0 | 50,4 | 47,2 | 49,8 | 48,6 | 48,7 | 48,4 | 48,8 | 45,9 | 45,8 | 47,4 |
| (17) | + S + FP | 52,2 | 48,1 | 49,3 | 48,7 | 49,1 | 49,7 | 50,6 | 49,4 | 51,8 | 52,3 | 51,1 |

Gallup/NOI Poll Results

Key:

- | | |
|-----------------------------|--|
| 1. 1981 Storting election | 11. Liberal Party |
| 2. Labor Party | 12. Other parties |
| 3. Liberal People's Party | 13. Total |
| 4. Progressive Party | 14. Labor + Socialist-Left |
| 5. Conservative Party | 15. Conservatives + Christian |
| 6. Christian People's Party | People's Party + Center |
| 7. Norwegian CP | 16. Labor + Socialist-Left + Liberals |
| 8. Red Election Alliance | 17. Conservatives + Christian People's |
| 9. Center Party | Party + Center + Progressives |
| 10. Socialist-Left Party | |

The figures show how many people would vote for each party if a Storting election was held tomorrow among those who would definitely vote. They were also asked what party they voted for in the 1981 Storting election. The difference between support for individual parties in the poll and actual election results in 1981 was used as a weighting factor.

The results are based on interviews with 938 people over the age of 18. The interviews were carried out in the period 10-25 May 1985.

Results released by Gallup/NOI on 30 May 1985.

Fateful Election

The instability of Progressive voters could make this a fateful election under certain circumstances for the right-wing protest party, although well-informed observers are naturally quite aware that the pendulum could swing in favor of that party. Nothing is less predictable on the political scene than the movements of the Progressive Party from one month to the next.

When it comes to the Labor Party's support troops on the left, the Socialist-Left Party and the Liberals, it is quite clear that time is not on the side of either one. The situation for the Liberal Party is still that it could risk being without representation in Storting after the election, although the poll shows a 1 percent increase since the previous poll. SV had a rating of 5.2 percent in May compared to 5.3 percent in April.

In conclusion it can be said that the May poll from Gallup/NOI still points in the direction of a nonsocialist election victory. But tension is mounting. The trend is unstable.

Labor's Secretary on Campaign Strategy

Oslo AFTENPOSTEN in Norwegian 1 Jun 85 p 3

[Article by Alf B. Godager]

[Text] "Personal contact with the voters and belief in our own policies are part of the Labor Party's plans for the summer and the fall election campaign," party secretary Ivar Leveraas told AFTENPOSTEN. He estimated that around 50,000 people will use a substantial amount of their free time to ensure an election victory. They will be backed up by a central budget of 11-12 million kroner. A good 6 million pieces of printed material are ready for distribution at party offices around the country. The important thing is to convince people that the Labor Party has the right answer to the country's problems and that its policy is realistic.

The party secretary thinks he has noted considerable anxiety among top people in the nonsocialist parties with regard to the strength of the Labor

Party's campaign machinery and the force of conviction behind the party's policy. This is obviously a welcome observation that strengthens faith in the possibility of an election victory and a change in government. Leveraas interpreted the statements Finance Minister Rolf Presthus made about the Labor Party's alternative long-term program earlier this week as a typical display of nonsocialist nervousness. He called the remarks a clear over-reaction.

Credibility

"The election campaign is a question of credibility. The most important thing is that the Labor Party focuses on the issues the voters regard as central. They need to see the difference between our policy and that of the government and they must have more confidence in us than in the government parties," said Leveraas.

He is confident of the outcome and referred to the fact that developments last week and especially AFTENPOSTEN's opinion polls have shown that the issues that are central for the Labor Party are the ones most people are concerned about. These include the effort for full employment, the problems in the health sector and the situation in the field of care for the elderly where there are deficiencies in the support apparatus, such as an inadequate number of beds in nursing homes. These issues along with family policy should be given a central position. People must be convinced that in the oil age Norway has special opportunities that the government is not fully utilizing.

Realistic

"Our strategy is based on convincing people that the Labor Party's solutions for current problems are realistic and that they can be implemented in the form of practical policies without negative effects on the Norwegian economy," the party secretary said.

Will it hurt the Labor Party if it turns out that it is wrong about the economy?

"Yes, I think so. As I said before, election campaigns are a test of credibility. We believe in our policy and our solutions. If this had not been the case we would have to pursue a campaign completely at variance with the main idea: the voters must believe in what we do. The Labor Party has never made exaggerated promises. Whenever the voters have given us their mandate we have always shown that our policy is a realistic one that can be put into practice."

Leveraas emphasized that there is a good deal of uncertainty connected with estimates of how many people will take an active part in the campaign on behalf of the Labor Party. He guessed that around 50,000 people would use a substantial part of their free time to work in the campaign and he felt good about that. The importance of the media should not be exaggerated. The

most important thing is still personal contacts, meeting the voters face to face.

Of the Labor Party's central campaign budget of 11-12 million kroner, around 3-4 million will come from the union movement. How large this support will be has not been definitely established yet.

"The main points in the campaign have been clarified. On the basis of the party's working program for the next 4 years and the government's long-term program the party's Storting group has drawn up the Labor Party's alternative long-term program. Parts of this have been taken out and presented separately. The most central points have been presented as a guarantee to the voters. This guarantee is the central theme this week. Today voters will meet Labor campaign workers on the street. In June Storting representatives and candidates will head out again. And things will really break loose on the weekends of 10 and 17 August. After that we will not let up until we are sure we have won on the night of the election."

What jokers did he have up his sleeve?

"Time will tell."

6578

CSO: 3639/120

3 July 1985

POLITICAL

NORWAY

LABOR, COALITION PARTIES DEBATE FOREIGN, SECURITY POLICIES

Oslo AFTENPOSTEN in Norwegian 21 May 85 p 3

[Article: "Discord Over Security Policy"]

[Text] Tromso, 20 May--There is dissension among the major parties over foreign and security policy. Former Foreign Minister Knut Frydenlund admitted this during the election campaign's first significant encounter in Tromso on Monday. Defense Ministry Undersecretary Oddmund Hammerstad strongly criticized the Labor Party's "reexamination" after entrusting the new government with solid resolutions and a secure course of conduct in 1981.

The confrontation took place between the Conservative and Labor parties during the election campaign's first meeting on foreign and security policy.

"The nation's security and Norway's territorial integrity should be raised above party politics. When we begin to talk about the premises for a course of conduct in security policy, however, a few fringe parties and lesser factions in the major parties start to abandon the great unanimity. The importance of the NATO alliance for our security is such a premise," asserted Undersecretary Oddmund H. Hammerstad in his introductory speech.

Hammerstad claimed that a security policy change has occurred in the Labor Party and characterized the reexamination process with Guttorm Hansen's own description: I have had to put old and new standpoints to the test.

"As for what is new in the Labor Party's program, be it the item on a [nuclear] freeze, a nuclear-free zone, NATO's strategy, the alliance's high-technology weapons, etc, the program entries say nothing about an underlying analysis or critical scrutiny. We would have been more at ease if the Labor Party in the new Storting had guaranteed that the old program items on security policy would be complied with," emphasized Hammerstad. He felt there was reason to ask whether the Labor Party has considered alternatives to our Atlantic attachment and dependence.

Discord

Knut Frydenlund acknowledged the discord one has seen in Norwegian politics over security policy issues, but he said that this is something which has recurred in country after country in the alliance. He also believed that the NATO alliance had shifted steadily in the direction of military policy and that the political content had moved more into the background.

He himself felt that what was new in the Labor Party's program did not imply any reexamination on the part of the Labor Party. What a Labor government stresses is negotiation, a policy of detente and rapprochement.

Concerning a zone free of nuclear weapons in the Nordic countries, Frydenlund underscored that this would take place within the framework of NATO cooperation and that such a zone would be an important step in creating trust. The Nordic countries ought to lead the way here in the establishment of such zones. Knut Frydenlund severely criticized President Ronald Reagan's plans for weapons in space and said that it is a dangerous development we are confronted with here. He also thought that this was something which split the alliance in country after country in Europe.

The middle party speakers, Foreign Affairs Committee chairman Jakob Aano from the Christian People's Party and Center Party parliamentary leader Johan Buttedahl, did not follow up on the strong challenges which Hammerstad, quite alone, had to account for in his discussion of the Labor Party. Buttedahl, for his part, repeated what the Center Party's national convention has said about space weapons and the doubts which exist about the program, and he warned against overdramatizing the differences which currently exist between Western Europe and the United States. This can quickly change, said Buttedahl, if, for example, new and more Europe-oriented figures come to power in the United States. For his own part, Johan Buttedahl could not see as suitable a separate European alternative to NATO collaboration, and in this connection he quoted Prime Minister Kåre Willoch that we have greater international influence now than in at least 625 years.

It was a packed hall in the large, new cultural building in Tromsø which listened to the debaters in the first election duel between the major parties.

Labor Party Not Trustworthy

The panel debate in Tromsø between the government parties and the Labor Party focused in large measure on what the Labor Party's actual position is in security policy. Guttorm Hansen sarcastically criticized an editorial in AFTEN-POSTEN. "There is nothing sensational in what I have personally said about 'reexamination.' I would have been a fossil if I had not taken part in this process."

Does the Conservative Party want no debate on what has happened in the world during the last few years, asked Hansen, addressing Hammerstad, and accused the Conservatives of pursuing a policy of pigheadedness every time they meet the Labor Party in debate.

The Labor Party is now unanimous about membership in NATO. Is this what seems so sinister to the undersecretary, asked Hansen. Oddmund Hammerstad retorted that it is the premises for this unanimity which one would like to hear more about.

Johan Buttedahl also called into question the Labor Party's trustworthiness and recalled several party county resolutions on a nuclear-free zone. "I would not make the Hedmark Center Party into a representative for the party," answered Guttorm Hansen, to the considerable amusement of those in the hall.

Jakob Aano turned to the security and disarmament compromise from last year and expressed the view that it continues to provide the basis for a broad agreement on Norwegian policy. He also disagreed with Knut Frydenlund's concern that our attitude toward the United States is too passive on some issues. He felt that today all of Western Europe has better opportunities for an equal partnership, something which activity within the Western alliance especially points to.

This did not prevent Guttorm Hansen from vigorously criticizing the Willoch government for its passive foreign policy, in contrast to the Labor Party which ostensibly has an aggressive policy that calls for action. "There is a vacuum in Norwegian foreign policy today and it must be filled by the Storting, because the government does not do it," said Guttorm Hansen and noted that there is a series of things Norway must react to today. "This also applies to our great ally, the United States."

Hammerstad: Today NATO leads the way as a good example when it comes to disarmament. But it is very hard to carry this forward when we are confronted with the adversary we have. As far as the Norwegian government's activity is concerned, we do not gauge it by being the number-one critic of the United States in the world press.

With Monday's debate in Tromso, the election campaign has for the first time seriously discussed the field of foreign and security policy in the relation between the major parties. On only one point were the government parties satisfied with a clarification of the Labor Party's stand. That was when Guttorm Hansen said--in reference to Norway's vulnerable position on the northern flank--he found something incomprehensible in earlier NATO opponents. NATO therefore stands for security, asserted Hansen.

12327

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3 July 1985

POLITICAL

NORWAY

LABOR PARTY'S CHANGED FOREIGN POLICY THREAT TO SECURITY

Oslo AFTENPOSTEN in Norwegian 22 May 85 p 2

[Editorial: "Discouraging"]

[Text] Understandably enough, the Labor Party wants no debate on the party's security policy shift. Guttorm Hansen did his best to downplay the reorientation during Monday's panel debate in Tromsø. The critics, including AFTENPOSTEN, do not possess, in Mr Hansen's eyes, "the intellectual tidiness" which is necessary in order to be taken seriously.

Allow us to repeat what it is all about. The Labor Party in opposition has moved away from principles and standpoints which earlier were the joint property of responsible Norwegian politicians. This broad consensus has been a girdle of strength in our foreign and security policy. For a little country like Norway, with our vulnerable strategic position, which Mr Hansen knows better than most, this has been a priceless asset.

It is serious when the Labor Party in opposition sets out on a course of confrontation with both our own government and NATO. Unlike Mr Hansen, we believe that the party's shift is a threat to Norway's credibility and security. He would have served his own cause better by tentatively answering the questions his own reorientation has raised, first and foremost about Norway's future relation to the Western defense alliance. His attempts to derail the debate are discouraging. AFTENPOSTEN is not alone in asking what has happened to him during what he himself describes as "a very difficult time."

We know, and he knows, where the Labor Party and Guttorm Hansen stood on all issues which concern Norwegian security and our relationship to NATO. Prior to the 1981 change in governments, there were few if any who defended NATO's 1979 twofold resolution with the same weight. It was easy to do at that time. The Labor Party government boasted--with good reason, for that matter--of its own contribution to the alliance's formulation of the same twofold resolution. Today it has abandoned the same resolution. Instead, the party recommends a course of conduct toward the alliance which is identical with the one Denmark has followed and which has turned the latter into a footnote country within Western defense cooperation.

On its side, the government insists on the same standpoints on which the Nordli and Harlem Brundtland governments not only stood firm but also in the formulation of which they took an active part. There can be no doubt that credit for resumption of negotiations goes to the governments which have remained loyal to the alliance's policy.

The reorientation in the Labor Party does not let itself be explained away. We are sorry that security policy promises to become a primary issue in this year's election campaign. But that is the way it must be as long as the Labor Party does not find it expedient to answer the question more and more people are posing: In a government position, will the party also insist on a course which isolates us within NATO and weakens our credibility as an alliance partner? Norway cannot afford to live with the doubts which the Labor Party has created--and which only the party itself can remove.

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POLITICAL

NORWAY

SLIGHT INCREASE NOTED IN VOTERS SATISFIED WITH GOVERNMENT

Oslo AFTENPOSTEN in Norwegian 28 May 85 p 3

[Article by Alf Seeland: "Stable Yes to the Government"]

[Text] An opinion poll undertaken by Gallup/Norwegian Opinion Institute for AFTENPOSTEN shows that 5 months before the Storting election there was a balance between those who are satisfied and those who are dissatisfied with the government's performance. The figures were 45 and 46 percent, respectively, in the poll which was taken in April. The institute itself notes that this high degree of satisfaction has held up unchanged since February.

If one goes back to November of last year, one finds something which could then resemble a crisis of confidence, with 37 percent satisfied and a good 50 percent dissatisfied with the government's performance. This changed drastically in February of this year when satisfaction was 46 percent, while 45 percent were displeased with the Willoch government.

Conservatives High

The Conservative Party is the party whose government performance is appreciated most, with a good 84 percent. There is nevertheless a falloff of 4 percent in comparison with the February poll. The Center Party's voters give their approval with a stable 73 percent, while the voters of the Christian People's Party indicate increasing satisfaction, from 66 to 69 percent. The Progress Party's voters are also more and more pleased with the three-party government, from 55 to 63 percent, while 37 percent are dissatisfied.

Ranks Closed

The Storting's opposition parties have in large measure closed ranks behind criticism of the Willoch government. This applies particularly to the Labor Party and the Socialist Left Party, where displeasure is 78 and 80 percent, respectively. All the same, 16 percent of the Labor Party's voters are content with the government's performance. The Liberal Party also has a majority of

dissatisfied voters, with 58 percent, but a good 38 percent in that party are satisfied and thus do not believe in the criticism from Hans Hammond Rossbach, Odd Einar Dorum and others.

Cohabitants Say No

It is the voters with lowest income who are most dissatisfied with the government, with 53 percent, and 38 percent are pleased. The figures are reversed for those with an income of more than 160,000. Confidence in the government increases with level of education. There is a balance among married voters. Those who are single have confidence in Willoch and his manly courage, while cohabitants turn thumbs down with 67 to 32 percent. Sixty-eight percent of the members of the Norwegian Federation of Labor are displeased, and 20 percent are satisfied.

Geographically, it turns out that satisfaction is greatest in Oslo/Akershus, with 49 percent. There is a balance in the remainder of the country, aside from the rest of East Norway. Here 52 percent are dissatisfied, while 43 percent give the green light to the Willoch government.

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POLITICAL

NORWAY

BRIEFS

INCREASED NICARAGUA AID VOTED--The majority on the Storting's Foreign Affairs Committee, which consists of the nonsocialist members, advocates an aid increase of 5 million kroner to Nicaragua in addition to the 10 million which have already been given to the country this year. The reason for this is a Nicaraguan request for financial assistance for simple tools and fertilizer supplies for the villagers. There is reference to the fact that the situation in Nicaragua has taken a turn for the worse due to the trade embargo announced by the United States. The Labor Party and the Liberal Party's representatives on the committee feel this is insufficient and urge that the grant be increased by 50 million kroner to 60 million kroner altogether for the current year. [Text] [Oslo AFTENPOSTEN in Norwegian 29 May 85 p 80] 12327

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3 July 1985

POLITICAL

PORTUGAL

BIOGRAPHIC DATA, EVACUATION OF NEW PSD LEADER CAVACO SILVA

Childhood, Family

Lisbon TEMPO in Portuguese 24 May 85 p 12

[Article by Palmira Correia: "A Leader's Childhood"]

[Excerpts] He was a vivacious child. He was always playing tricks on his brothers and sisters. He loved to ride his bicycle. When his mother would ask him to go buy milk, he often broke the milk bottle.... This is Cavaco Silva's profile, as described by those who were closest to him at that time.

While attending the Commercial School, he failed during the 3d year and his father punished him by sending him to the fields to work during that summer. While his brothers left the house to go to the beach, he would accompany his grandfather to the fields to grow potatoes. His only entertainment was to go to the movies on Sunday, his father recalls.

Born in a modest family, Cavaco Silva and his three brothers had a happy childhood, but not a very easy one. His father, Teodoro Goncalves da Silva, says: "I had a lot of trouble sending all three children to the university. I had all of them in Lisbon at the same time. I had to sell fields to do my duty."

Cavaco Silva went to elementary school in his village. He then attended the Faro Commercial School, where he finished the 5th year. "At 17, he went to Lisbon to study accounting, and only afterwards entered the university," his mother says. "It is there that he began distinguishing himself. He won the Loule District Prize for best student year after year."

"When my son went to Lisbon, he lived in a rooming house for a few months, but did not like it. So we asked some friends to rent him a room. The couple had no children, but had brought up a niece. He married this girl," the mother, Maria do Nascimento, says.

Cavaco Silva lives in Lisbon near the Estrela, in a rented house, with his wife and two children: Patricia, 18, a first-year student at the faculty of pharmacy, and Bruno, 17, a senior in high school. His wife has a degree in Germanic languages and teaches English at Catholic University.

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"All his free time is spent at home with his family. He comes to the Algarve whenever he can to spend week-ends with them. They have a very pretty house in Montechoro, with a pool and a garden. Even though he has a gardener, he spends hours planting and taking care of his flowers," his mother says.

When he comes to the Algarve, he goes to his father's gas station. His father notes that "whenever the attendant is busy, he fills his tank himself." He adds: "My son is not too proud, he greets anyone."

Cavaco Silva's father has been in business for 50 years. "I have had many difficulties. I only finished my 4th year in elementary school, and I progressed thanks to hard work." Teodoro da Silva is a simple and very kind man, who spoke to us about his son with touching enthusiasm. At times, his eyes were full of tears....

The Family

Cavaco Silva married at 24, before going to Mozambique for his military service. His wife, 1 year older, already had her degree in Germanic languages, while Cavaco needed one more exam to graduate in economics. He thus came to Lisbon to finish his studies, and 3 months before the end of his military service in Africa, he was asked to lecture at the ISE [expansion unknown].

Cavaco is very devoted to his family. He loves being at home, where he spends most of his free time, reading and talking to his children. He rarely travels without his wife, and takes his children along whenever he can. Week-ends, he jogs in Monsanto, in order not to lose the good physical condition he achieved during the first years of the decade of the sixties, when he was national champion for the 110m obstacle race: He is also a good soccer player and roots for the sporting.

The couple has a maid for 6 hours a day, but they all pitch in when necessary. Cavaco Silva's children are very good students and his wife is an excellent companion. Enjoying the best possible family atmosphere, Cavaco Silva, according to those who know him best, is a happy man.

No Errors Permitted

Lisbon EXPRESSO in Portuguese 25 May 85 p 20R

[Excerpts] "I never make an error and I rarely entertain doubts." The sentence is historic. But it was almost forgotten. However, its author is coming back on the scene and the sentence is revived.

Anibal Antonio Cavaco Silva was an almost anonymous PSD [Social Democratic Party] militant and a (less anonymous) economics professor when Sa Carneiro transformed him into his minister of finance in the first AD [Democratic Alliance] government, from January 1980 to December of the same year.

During that year, Cavaco Silva became Sa Carneiro's right arm and brought about the "economic miracle" (that was later criticized by almost all sectors, who accused him of being "demagogic").

In September of that same year, Cavaco Silva began to show the first signs of weakness. He then refused to participate in the first Balsemao government, explaining vaguely his refusal for reasons of "physical tiredness," and also demanding "rigorous and intransigent" conditions to carry out his economic policies.

But he stayed in the public eye.

Together with some PSD leaders, who are at his side today, he formed the opposition to Pinto Balsemao's leadership in the government and in the party. He was at the head of the so-called "critics" who include personalities such as Amandio de Azevedo, Helena Roseta, Pedro Santana Lopes, Eurico de Melo and Angelo Correia.

Following violent confrontations within the PSD, in August 1981 Pinto Balsemao resigned as prime minister, but Cavaco Silva did not make any headway. Balsemao returned and the former minister of finance progressively sank into oblivion.

He was convincing as an "efficient" minister in the Sa Carneiro government, but not as a leader of one of the PSD factions. From that time, he became a declared adversary of Pinto Balsemao's.

This eighth leader of the PSD, born in the Algarve, is 45 years old and is proud of his modest origin; he does not hide the fact that, as was the rule for poor students, he reached the Higher Institute for Economic and Financial Sciences by way of the "technical school." He will now show his "intransigence" and his "rigor" in the most complicated, undisciplined and ungoverned party in Portuguese politics.

His internal opponents and also some other politicians who know him well affirm that "he will be out in 3 months." Someone who has known him for a very long time says: "Behind his hard and threatening attitude, there is profound insecurity and some timidity."

It remains to be seen how much longer this recently crowned leader of the PSD will stay in political life when, ironically, he occupies the position at the same time that Pinto Balsemao is president of the congress.

'Winning' Combination

Lisbon SEMANARIO in Portuguese 1 Jun 85 p 3

[Article by Victor Cunha Rego: "A Ticket"]

[Text] Salazar used to say that fate gives a lot of work. Cavaco Silva could become the head of a government with a parliamentary majority. Like Sa Carneiro, he will be facing a weaker PS [Socialist Party], but, unlike Sa Carneiro, he will have an ally in Freitas do Amaral, the president of the republic. An attractive ticket. A ticket with a Christian democrat and a social democrat is half the way on the road to victory and the vote will no longer be a mere question of convictions or despair. Power is within sight and the troops know it already.

Cavaco Silva may have a Puritan side, in which free choice and individual salvation play a part, but the social concept of a group of autonomous individuals who establish among themselves temporary and bilateral relations, excluding the idea of totality is foreign to his personality. The person who won in Figueira da Foz is a social democrat--who wishes to occupy the position and lead this project. Cavaco Silva does not wish to inherit the PPD [Popular Democratic Party]. He is only interested in the PSD [Social Democratic Party]. He appreciates power and is a competent state servant; he has repeatedly expressed his social democratic faith since Sa Carneiro's death. He believes in what he says.

It is natural that he should be feared by the legions which have become accustomed to managing impasses. Mario Soares, because whatever the government will do on a social-economic level that will be brilliant will have to be shared with Cavaco Silva, and because a Freitas do Amaral victory may be irreversible. Balsemao, because the PSD will escape him for a long time. Lucas Pires, because everything will be solved between Belem and Sao Bento. Jaime Gama, because he will be unable to return. But there is no social democracy without concrete state acts, which are only possible when and if there is a minimum of wealth that would allow the limits of freedom, setting where an approved and implemented law ends, a law that will not make or break families, holdings or professional careers. To want social democracy without having anything to distribute would be, like in the vague Eanist philosophy, to transform the country in a huge boarding house with some soup and a lot of vices for all--or almost all.

Since December 1980, we never doubted that Cavaco Silva would be chosen by the PSD when this party would reach the edge of the precipice.

It remains to be seen whether or not he is able. Conviction, persistence, determination and self-assurance are a lot, but not all. It would indeed be a shame if a politician who, by his origin and training, appeared to be predestined, would fail for lack of talent.

"Show him on TV," Salazar would say when told of an eventual promising member of the government. Now Salazar is the electorate. Last Tuesday, Cavaco Silva went on TV. We don't know what the dictator would have said, but the PSD electorate liked it. Like Cunhal, Cavaco Silva spoke to the troops. The only question is whether the PS also watched the program.

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3 July 1985

POLITICAL

PORTUGAL

DISCUSSIONS CONTINUE ON NEED FOR HASTE ON SECURITY LAW

Lisbon EXPRESSO in Portuguese 1 Jun 85 p 6

[Text] The parties of the government appear to have reached an agreement on the need to accelerate approval by the Parliament of the specifics of the proposal for the law on internal security, which will be under discussion again next week.

Parliamentary sources told EXPRESSO that conditions now exist for a speedup of the work of the ad hoc committee created for making changes in the initial version of the government proposal, approved generally in July last year in the midst of a great polemic, and that the voting on the specifics could take place within the space of a few weeks, it being foreseeable that the organization of the future integrated security system could be underway before the end of the year.

Although the final version of the law could differ in some aspects from the text which is now being prepared--the law still lacks regulatory documents--an agency linked to the organization of the system said that it should contain a permanent coordinating body under the supervision of the prime minister and the minister of internal administration, whose 16 civilian and military members would be appointed from a secret list known only to them.

That legislation, which with that of the intelligence services (already in the final state, a fact that EXPRESSO mentioned in its last edition) forms a vast package on security, is being accelerated by a consensus among the partners of the coalition.

Demanded repeatedly by police and military sectors, in addition to frequent invocation by the government of the need for means for fighting terrorism and crime, the legislative collection on internal security encountered difficulties in being approved from the time it was presented by the Executive Branch. It was criticized many times for unconstitutionality and for violation of the rights and freedoms of citizens.

These criticisms, even corroborated by various majority leaders, were at the bottom of the freezing of consideration of the regulations since last year. Generally, approval was negotiated, it being agreed that a profound change should be made of its articles, to which the parties of the government pledged themselves. Some months ago, the party leaders themselves, Mario Soares and Rui Machete, had to intervene to find a final formula.

Public Debate Demanded

Recently, in the ad hoc committee of Parliament, where discussion of the specifics is taking place, it was demanded that because of the sensitivity of the subject, the debate should be opened to the public. Initially, the principle was accepted with respect to the media, which would have access to recordings of the meetings of the committee.

However, it will not be until Wednesday, the day on which the next meeting is scheduled, that the "opening to the public" will be decided upon. A member of the committee told EXPRESSO: "Under any circumstances, the debate will be recorded."

Apparently the consensus which has taken place with respect to this opening seems to be an indicator that the most controversial questions that could rise in the debates have already been settled, there being conditions for the release of the regulatory document which the government wants to see approved in a final vote before the main holidays.

According to parliamentary sources, the promulgation of the Internal Security Law should not arouse any doubts in the President of the Republic, who had expressed agreement with the need for such legislation.

However, the urgency placed recently on this entire process is due basically to the fear that a government crisis would irrevocably delay approval of the law, particularly if the Assembly of the Republic were to be dissolved.

Foreseen Measures

Questions related with the authority to order telephone taps, residential searches and the interception of correspondence were the last to be resolved among the partners of the coalition, with the PS [Socialist Party] giving way on its demand that the decisions should be made by the Attorney General's office, with a win for the position of the Social Democrats, who maintain that such functions should be within the purview of the judicial judges.

However, with respect to the remaining implications of this law, there appears to be a generalized agreement, although criticisms are expected by the leftist opposition in the debates of the committee as well as in the voting in the plenary session.

The proposed revised law stipulated, as did the original version, that the ministry of internal administration be the coordinating body of all the services and forces that will make up the system during times of peace. Among the most important changes foreseen in the regulatory documents that will place the law in effect is the creation of a new border service under the supervision of the Alien Service. It will have civilian personnel and data processing services. (It is foreseen that entry and departure reports will be abolished. They are now mandatory).

Elsewhere, in the area of the Security Intelligence Service, also under the Ministry of Internal Administration, there is foreseen the creation of a Data Center, which collects, classifies and stores information coming from police, legal and other entities. The activity of this center is overseen by three judges appointed by the Superior Judicial Council, who may intervene and order corrections.

Some legislators, however, question the real capacity for intervention of the "overseers" in cases which are irregular or are based on erroneous data, it being possible that controversy may still be generated here.

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3 July 1985

POLITICAL

SPAIN

REDONDO WARNS PSOE NOT TO TAKE UGT SUPPORT FOR GRANTED

Madrid TIEMPO in Spanish 29 Apr 85 pp 19-21

[Interview with General Union of Workers (UGT) leader Nicolas Redondo by Nativel Preciado; date and place not specified]

[Text] Never has Nicolas Redondo been so critical of Felipe Gonzalez, and never have relations between the socialist administration and the UGT been so poor. The labor leader made the following statements before joining the latest meeting of the UGT federal committee. His stand against the cutback in pensions is inflexible. There will be UGT rallies if the government tries to touch a single peseta.

[Question] Are Boyer's most recent economic measures more progressive or more conservative?

[Answer] They are further examples of a liberal economic policy.

[Question] And is that good or bad for the workers?

[Answer] More than anything, it's a jumbled picture. Economic liberalism is not exactly good for the workers. I'm not saying that this government is pursuing reactionary policies, but in some cases it is acting like Ronald Reagan.

[Question] In what way?

[Answer] It's cutting taxes, but it's also cutting back the workers' social gains. It's neoliberalism, and businessmen applaud it because it benefits them.

[Question] People are very fond of having their taxes cut.

[Answer] Yes, but they don't like having their benefits cut. For example, they don't like smaller pensions when they retire.

[Question] I assume that the UGT won't give in on that.

[Answer] Right. We'll be inflexible on that.

[Question] Are the administration's new measures designed to win votes?

[Answer] If they are, I think they're a very bad idea. We'll have to see what happens with taxes next year, whether the cut is kept or not.

[Question] Are you saying that wise men mend their ways?

[Answer] That depends. I'm not completely clear on this matter of switching economic policies. They used to support one set of measures as the only possible ones, and now they are pushing the opposite ones just as eagerly. That's dogmatism. The radical austerity policy that they have pursued so far has been a resounding flop; they tightened our belts too far. UGT protested and called for a higher wage and pension boost to stimulate domestic demand, and all we heard were accusations. They told me that we might ruin the AES [economic and social accord], that we were going to further increase unemployment...And they said it so arrogantly and so dogmatically that I don't see how they can be arguing the opposite now just as arrogantly. These new measures do not represent a policy of solidarity. Why doesn't the administration boost taxes on the highest income earners and help the lowest income levels? You just can't cut pensions that drastically. In any case, we'll have to study these measures more thoroughly.

[Question] Is it true that you find out in the papers about the administration's plans?

[Answer] Yes it is.

[Question] But that's ridiculous.

[Answer] There comes a time when a person loses his capacity of indignation, and I say this without bitterness. It stands to reason that the administration should tell the UGT about its economic plans. What is more, they are not observing some of the measures in the AES, because many of the measures that Boyer submitted should have been taken up in the fiscal commission...I read about it in the papers.

[Question] Do you think that Felipe Gonzalez is affected by your threats?

[Answer] No one is threatening.

[Question] I'm talking about the announcement about rallies.

[Answer] I don't think they worry this administration too much, because it's very stubborn and acts without restraint.

[Question] They'll accuse you of destabilizing.

[Answer] I've heard all sorts of accusations. I try to be consistent and defend the same policies that we backed in the opposition and that are in the election platform. A lot of euphemisms are being used. No one calls a spade a spade. The prime minister says that the pension cutback is a minireform. No, it's a cutback, pure and simple. What we need here is a comprehensive reform of social security, because that's what we were promised. And UGT will not accept a cutback in pensions.

[Question] It seems that you've stopped it.

[Answer] I haven't heard any news about what the government is planning to do. Look, the truth is that the situation is somewhat chaotic. We want to know what the social security reform will be like, what the socialist administration's overall blueprint is, and we don't know.

[Question] Does the administration know?

[Answer] I often doubt its competence, though I would rather not doubt its intentions, because that would be a very serious matter. You can't have two speeches prepared, one for the opposition and one for the government. Much less can you defend absolute truths, because when you make a mistake, it's that much worse.

[Question] Whose attitude bothers you more, Felipe's or Boyer's?

[Answer] I won't get into personal matters. The things that the administration is doing poorly are the responsibility of the entire cabinet and, primarily, of the prime minister. The prime minister, not Boyer, is to blame for these economic measures. In this administration, moreover, it is my understanding that nothing is done without Felipe Gonzalez's approval, because he's the man in charge, though some ministers have more influence than others. They ought to be more reserved. It often seems as if this government is talking or acting by divine mandate and that its decisions are dogmas of faith.

[Question] What annoys you is the arrogance with which they put forth these dogmas of faith.

[Answer] True, the dogmatism and the arrogance annoy me, but it annoys me even more that these economic measures are being implemented by decree. Decrees make sense only when there is an emergency: earthquakes, fires, floods... We have been discussing the issue of pensions for 3 months in the tripartite commission and we have not seen a single piece of paper from the administration. What moral right do they

have now to present their emergency proposal? Have we been wasting our time for 3 months? In my opinion, this administration is too hardline, too radical in its measures and doesn't listen to the people it should. Furthermore, there's a lot of improvisation going on.

[Question] You've lost your best friends during the 2 years of this administration.

[Answer] The problem doesn't affect me that much. People in general believe in few things. What annoys me the most is that they portray me as a person who fails to understand reasons of state and is stuck in the past.

[Question] Is the UGT the only force that can halt the administration's rightward drift?

[Answer] I don't know. This government does, of course, have great voter support, but it has to realize that such support is not unconditional, that it fluctuates, has its ups and downs. The backing of the workers is indispensable for a leftwing government.

[Question] Are you saying that they can't do anything without the UGT?

[Answer] That's not what I said. I am aware of our limitations. I'm only saying that the government must not forget that it has to earn the support of the workers every day. We're trying to stop this administration's excesses, though I don't know whether we can.

[Question] Is your dissatisfaction of concern to Felipe Gonzalez?

[Answer] I don't know.

[Question] Are you on speaking terms?

[Answer] Of course.

[Question] How long has it been since you've met privately?

[Answer] I dined with him privately at the Moncloa this April.

[Question] And what happened?

[Answer] The relationship between the UGT and the administration can't be described in personal terms or in terms of winners and losers.

[Question] And what about your longstanding friendship with the prime minister?

[Answer] It's not a question of longstanding friendships. The relationship must be logical; that's it. No pressures, no friendships, no hatreds. The best approach is to reach agreements through mutual conviction. I would rather the administration acknowledge its own mistakes than have us in the UGT pressure it to mend its ways.

[Question] This May Day could be explosive, couldn't it?

[Answer] It'll be like always, a day when the workers voice their grievances. We'll keep on calling for the same things, because this society is still one of the most unjust in Europe. The privileged class is better off, and the poor are poorer. No one is trying to hide the fact that there is considerable poverty in this country, that there is exploitation and that there are wide social gaps.

[Question] You sound like you're from the opposition.

[Answer] Not at all, but it makes no sense to try and conceal these facts. People are worried. Are we better or worse off than in 1982? My personal answer is: I think we're worse off, though this is debatable.

[Question] Might Barrionuevo have to send in his policemen to break up a UGT demonstration?

[Answer] This is a democracy, and the constitution permits demonstrations. So we will request permission and demonstrate whenever appropriate, hopefully without major problems and without their having to crack down on us.

[Question] Will you demonstrate alongside Felipe Gonzalez on May Day?

[Answer] I have no idea of his intentions. In past years he's marched.

[Question] Would it be very hard for you to meet face to face with Felipe Gonzalez?

[Answer] The truth is that it was easier with a rightwing government. I'm not saying more agreeable or better, just easier. With Suarez we hammered out the Framework Collective Bargaining Agreement and the Workers Statute, and with Calvo-Sotelo we signed the National Employment Agreement. So the UGT has always pursued the same policies. I don't think there's ever been a better time for the UGT than now, however.

[Question] In what sense?

[Answer] We're more united, close-knit, problem-free and growing faster than ever.

[Question] When you visit the Moncloa, do you look at Felipe the same way as you looked at Suarez or Calvo-Sotelo?

[Answer] Come on! I would never make the mistake of comparing Felipe Gonzalez with Suarez or Calvo-Sotelo, not to mention Fraga. It doesn't take a whole lot of imagination to figure out what Fraga would do in the Moncloa. It would be awful, given his character and the interests he defends. Felipe is sensitive, very human, and I guess he's exhausted because he has a great sense of the State. My hair stands on end when I think of the other men who might be prime minister. This administration has done some important things, such as the LODE, the Armed Forces reform, the decriminalization of abortion, the university reform, the 40-hour work week, the 30-day paid vacation, joining the EEC, cutting the deficit...

[Question] That's enough, please...

[Answer] Well, this has to be brought out too.

[Question] Did you ever imagine 2 years ago that the differences between you and the socialist administration would be this great?

[Answer] I always realized that there would be differences, but not this great. We have a lot of experience and we know what's happened in other countries, so we don't tend to idealize situations.

[Question] Why don't you ever appear in public and why is almost nothing known about your private life?

[Answer] I don't like social gatherings.

[Question] Haven't you ever put on a tuxedo?

[Answer] I never have and I never will. I haven't attended a lot of receptions at the Zarzuela and the Moncloa because a tuxedo was required.

[Question] That's awfully puritanical.

[Answer] I don't think so. You start with the tuxedo and wind up in the aristocratic embrace.

[Question] What's the aristocratic embrace?

[Answer] The Right's policy of allurement. When the Right fails to get what it wants by pressure, it pursues a much more dangerous policy, one of allurement. It invites, it flatters, it shows its charms, and a lot of people are taken in by the aristocracy's little vanities.

[Question] Are you talking about someone in particular?

[Answer] No, not at all. In 1928 in Great Britain there was a radical shift in the government, because the aristocracy managed to coopt certain politicians. I'm not saying that this is happening here, but it could. The Right's attempts in this direction are obvious. It is difficult to change society if you're part of certain lifestyles. I don't like to see certain Socialists in so many gossip magazines, at social gatherings, at banquets, at parties...

[Question] You'll never make minister, Nicolas.

[Answer] Nothing could be further from my mind. I wouldn't be good at it.

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CSO: 3548/136

3 July 1985

POLITICAL

SPAIN

REDONDO THREATENS NOT TO SUPPORT ECONOMIC POLICY

Madrid CAMBIO 16 in Spanish 29 Apr 85 pp 47-49

[Article by Javier Gilsanz and Luis Peiro: "Nicolas Redondo: The Administration Has Lost Its Way"]

[Text] It is a surprise to see him so calm, leaning back in the armchair in his office, measuring his words, even cracking a smile, always the teacher. We expected to find him in a tougher mood, since he is in the midst of the Social Security battle and was hit by the Boyer's surprise economic package as soon as he got back from the CIOLS Executive Commission meeting in Washington. "I wouldn't want to give the impression that there is an all-out confrontation. I think that we have to be a bit reasonable, and we in the UGT are trying to stop some of the administration's excesses," remarked Nicolas Redondo, who acknowledges, however, that "you need a bit of patience to put up with what's happening."

Pension Cutback

This year the battle is over pensions. Nicolas Redondo stresses time and again that his stand has been the same over the past 6 months, since the issue was addressed under the Economic and Social Accord: "We are not prepared to negotiate cutbacks unless we know what the overall framework for Social Security reform is."

The administration criticizes him for not wanting to "sully himself" with the reform issue, for not assuming his responsibility. "As it has been presented to us, it is absolutely unacceptable. It's as simple as that. There's no need to look for other motivations. There are things that a labor confederation and even a political party can't accept. Even outside the UGT [General Union of Workers], within the 'socialist family,' there are many who have their doubts," Nicolas Redondo argues.

The UGT leader is really afraid that after this cutback another might be proposed. "There could be another one. Because they're telling me just that this is the first move, but they aren't telling me what or when the next ones are going to be. And of course when one fellow, who they say has a lot of clout, is pushing for a 16 percent, not

an 8 percent cut, you can't help but think that they're going to be talking about another cutback during the next legislative session. And what would happen if the Right were to win. That's why what we want to discuss is the overall framework, the ultimate scope of the reform. Otherwise, I can't get involved."

Everyone is talking about secret agreements between the UGT, PSOE [Spanish Socialist Workers Party] and the administration, about secret meetings in the Moncloa and about administration emissaries seeking the UGT's OK. We kept asking him whether he was going to negotiate. At one point he jumped up, visibly annoyed: "I will not negotiate pension cutbacks separately from social security reform. Not eight percent or four percent or one percent. Is that clear?"

He does feel, however, that now is the time to negotiate reform, not in secret but in the AES commission along with the administration and the CEOE [Spanish Confederation of Business Organizations]. He is worried, however, that the administration might approve a cutback on its own. "A unilateral decision by the administration would mean that the tripartite reform commission would have to be shut down," he announces. And could it shatter the AES? "No, not the AES," he adds.

To him, the issue of pensions is more serious and grave than industrial reconversion. "This is a more sensitive issue, an achievement that took many years. Here, as with the reconversion, we are trying to forestall an administration excess. The UGT is willing to discuss the future of pensions, but not in isolation. If the administration were to make a rational proposal, we would support it, even if it were unpopular, as we did with the reconversion. But not a cutback plain and simple."

Nicolas Redondo feels that there is not that much of an urgent need to reform social security by decree-law. "This is an issue that has to be dealt with in depth, thoroughly, moving against corruption at this point. And if this calm approach means postponing the reform until another legislative session, I think that's fine. Because it's not true that otherwise social security will go broke," he remarks, adding that the administration has "gone a bit overboard" in portraying the problems, lapsing into a sort of "frenzy of economic house-cleaning." "You can't say that there's no money for pensions when more than 2 trillion pesetas has been spent to straighten out the banks, Rumasa and many private firms," he notes. This week the confederal committee of the UGT will determine its stand on the social security reform. Nicolas Redondo says that the union will do more than just talk about the cutbacks: "We will act."

Boyer's Measures

"This is obviously a turnaround in economic policy, a turnaround that could be described as 'liberal.' I also took offense when some minister said that the UGT, among other unions, was aggravating unemployment

by getting an extra percent wage boost and by refusing a 5.5 percent increase under the AES. And now it so happens that we have to stimulate the economy because those increases were too low and demand is very slack. Where do we stand?" remarked Redondo, who went on to say that "the tax cut reminds one of other governments somewhere out there..."

The UGT secretary general has his misgivings about the measures. He feels that "unemployment is going to persist" and that a "comprehensive approach to unemployment Europe-wide" is needed. He recalls Boyer's remarks in Parliament to the effect that we are all to blame for joblessness, adding heatedly: "All of us? Yes, but some more than others. Them more than us. And the CEOE much more than the workers." Redondo is categorical in his judgment of management's attitude and its current requests for a free hand in firing so that it can invest more: "They are insatiable."

Administration Scorecard

"There have been gains, there have been improvements in the economy; that is unquestionable. The question is whether the workers' sacrifices have been worth it. I think that the economy has been straightened out. It so happens, though, that the employers, not the workers have the most to cheer about. I think that we are not better off now than in 1982," Nicolas Redondo says very much in earnest.

With a "friendly administration in office," what does such an admission mean to a longstanding Socialist? "Of course it worries me, but I could understand it if this administration said to me that we shouldn't ask for anything today so that we could ask for a lot more tomorrow. What we're wondering about is whether we're headed in a given direction. The sacrifices are there, but what's our blueprint for society, what can we offer the workers and low-income strata? I don't feel that the administration is thinking along those lines. I think that this lack of direction is one of the most anomalous developments."

The disputes between the administration and the UGT have been over substantive and superficial issues and over the lack of communication that Nicolas Redondo has spoken out against. "The important thing has been the substantive issues, although the superficial matters have unfortunately been a problem too. They have always conveyed the feeling that they possessed the absolute truth, and since they did, they have tried to apply it totally and absolutely, which is always risky. We have tried to stop many administration excesses, succeeding at times and failing others. Of course there have been major accomplishments, such as the 40-hour week, the 30-day paid vacations, the right to organize law, etc...And of course I'm not going to be so stupid as to compare this administration with rightist ones. What it has done is make our life more unsettled," he says smiling.

Nicolas Redondo has indeed still not seen this administration's social policy. "I don't see the social policy side of the coin. There has been a lot of talk and all of it in one direction." Even Almunia? "Especially Almunia," he replies. He goes on to say: "Everyone is concentrating on the economy. There's almost an anguish, a frenzy about it. We can't lose sight of the other side, social policy. And who in this administration cares about that? I just don't know. Maybe Miguel Boyer..."

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POLITICAL

SPAIN

REDONDO'S BACKGROUND EXPLAINS DIFFERENCES WITH GONZALEZ

Administration Termed Arrogant

Madrid CAMBIO 16 in Spanish 6 May 85 pp 24-27

[Article by Luis Peiro, Javier Gilsanz and Cruz Sierra: "Nicolas Redondo: The Only One Who Shouts at Felipe"]

[Text] The PSOE [Spanish Socialist Workers Party] has so much power that it has even had to become its own opposition. As the Right beats a virtual retreat, realizing that it will not win the next election because of its own lack of unity, an irreproachable, life-long Socialist raises his voice to the prime minister. He is Nicolas Redondo, the only man who dares to shout at his comrade and prime minister, Felipe Gonzalez. Who are you, Mr Redondo?

When the labor court judge looked through the file, he noticed that the fired metalworker was a man named Nicolas Redondo, 36, whose status as leader of the UGT [General Union of Workers] only a few were aware of at the time.

He spent a few hours considering the allegations of his attorney, a fellow named Felipe Gonzalez, 30, who in a matter of months was to become the number one man in Spanish socialism precisely because the fired metalworker wanted it that way.

There are those who regard the judge's ruling as revolutionary for that time (1973): the La Naval de Sestao firm had to rehire Redondo. It was a catch-22 of the dictatorship: he was fired for not showing up for work for 5 months while he was in jail for his union activities. Attorney Felipe Gonzalez had won the case. Shortly thereafter, however, the attorney and his client would both enjoy the "attentions" of the General Directorate of Security.

Twelve years later, the labor leader spends his day working in his small office on San Bernardo Street in Madrid. He lives alone, austere, in an apartment in the capital and spends his weekends in Portugalete, where his wife and their two children live.

The attorney occupies a large room in the inner sanctum of power, surrounded by a host of secretaries and advisers, on the outskirts of Madrid. He never stops working and spends one night a week with friends in a small room called "la bodega" [the little cellar].

Just 2½ years ago the two of them saw their life-long dream come true: socialism in power in Spain. Since then, however, their relations have soured. They say that when Nicolas Redondo launched his first diatribes, with his characteristic frankness, Felipe was at a loss for words, not knowing how to react. Today they often speak over phone, and their private meetings are cordial, but Felipe does not understand Nicolas's bitterness and Nicolas does not trust Felipe.

Redondo has been a Socialist activist for 40 years, has held positions of responsibility in the union for 14 years and has been a high-level party executive for 7 years. When he visits the Moncloa Palace, he almost never goes alone. When he does occasionally meet alone with the prime minister, he always keeps the advice of his closest aides in mind: "Listen to him, Nick, but in the end say no to everything. Don't get taken in by the snake-charmer." Although Redondo has not lost his admiration for his comrade in their struggles for the working class and remains vulnerable to his powers of persuasion, he still understands nothing or almost nothing of what the administration is up to. He feels the same as he did a year ago, when he was already quite disenchanted and took advantage of a chance meeting with a government economic minister to get things off his chest. "Look, maybe you can explain it to me; you're well educated. We've always argued that we have to struggle against capitalism, and now you're saying that it's the least bad of systems. I'm not saying that it isn't, but please explain. We have always argued for state-run enterprise and concentration to overcome the crisis, and now you're saying..."

He no longer needs explanations. The ones that he was given were either inadequate or unconvincing. Now he looks beyond, far beyond explanations, at results. And his assessment is as tough and as categorical as they come. His comrades on the UGT confederal committee heard it last week when they met to discuss the administration's intentions on pension reform: "This administration, which is not pursuing policies in defense of the workers, which has given us the 40-hour week, reconversion and the health care law and whose policies are a failure, with 600,000 more people unemployed, this administration, which has done the right wing's bidding, is now asking us to cooperate on a pension cutback...We've had enough!"

It was his rundown of his boys' 2½ years in office in Spain. He had already hinted at it tersely when he summarized the PSOE's track record with "we're worse off than in 1982."

No one in the socialist family, of course, had ever gone that far before, since its hallmark is discipline and never washing its dirty

linen in public. But there had been a flame under the pressure cooker for some time, and sooner or later it had to let off steam.

The conflict is nothing new in the history of European socialism. British Prime Minister James Callaghan had to dissolve Parliament ahead of schedule in 1979, the year that the Labor Party lost power, because of its run-ins with the trade unions. Helmut Schmidt does not exactly have fond memories of the German Labor Federation (in which the Social Democrats are in the majority) when the German Socialists were in power.

But it is different here. The union is not as strong as its European counterparts, but the UGT is the conscience of the Socialists, the breeding ground of many party officials.

The UGT-administration conflict is spreading like wildfire among socialists at large. At least four ministers have stated in the Council that while the "political area" of the cabinet is doing its job, the same does not hold true for the economic area. Nevertheless, the prime minister is following the axiom of his mentor Willy Brandt: "Get yourself a good economy minister, and 90 percent of your problems will be solved." And Gonzalez still feels and has told his ministers so, that Miguel Boyer is a good economy minister.

The party's Executive Committee supports the administration staunchly but has fears about the conflict and is calling almost desperately for a pact with Redondo and the union. Many lawmakers in the Senate and the Chamber of Deputies are having serious problems of conscience about voting to ratify the decree that will regulate the new pensions. In a word, Socialist councilmen, officials and activists are talking about nothing else and feel that they are witnessing the most serious crisis that has jolted this administration.

The pension issue did not trigger the conflict. It was the straw that broke the camel's back in the view of the UGT. They put up with the arrogance with which the ministers and men in the party machine treated them. They reluctantly tolerated all of the newfound fascination with power, the whole new class of Socialists with their fancy offices and official cars.

But they can no longer forgive being taken for fools, because they were once asked to accept wage cuts and sacrifices and in return got only more unemployment and, now, decisions that they think prove they were in the right all along: purchasing power has to be boosted now because otherwise there will be no consumption.

In 1984, moreover, the administration refused to back the UGT-CEOE pact because it stubbornly argued that without an accord wages would rise less and inflation would subside. A spate of strikes and lower purchasing power then jolted the country.

Around that time they scored a much-talked-about victory, though. They prevented the restructuring of the administration that the prime minister wanted. Nicolas Redondo, in any case, wanted Ministers Solchaga and Almunia and superminister Boyer out of government, accusing Boyer of having filled the INI [National Institute of Industry] and state-run enterprises with Claudio Boada's men. These were not exactly the ministers that Felipe Gonzalez wanted to get rid of, and thus the prime minister decided to cut the crisis short.

Another of the UGT's victories was the industrial reconversion. The union forestalled the plans of Minister Solchaga, who wanted to cancel the contracts of excess workers. The union now boasts that it got an employment protection fund for the 30,000 surplus workers and had their contracts just suspended. These are the "excesses" that Nicolas Redondo says he has stopped.

On the other hand, though, he feels that he has lost all too many battles. The administration will put out a health care law that he is not too keen on. It refused to accept early retirement at age 64 because it increased spending too much. It has reprivatized 19 banks in the Rumasa holding company and several enterprises that he regarded as profitable. It has refused to take the union into account in drafting the General State Budgets. And the union fears that employers will get greater leeway to fire workers and trim their payrolls...

"We've had enough!" Except for a small faction headed by Jose Luis Corcuera, whom Redondo was grooming as his protege, the union, as one, feels that it cannot put up with any more, that it cannot tolerate further economic austerity measures and that it must not stop at criticizing just one or two ministers. It sees things clearly now: Felipe is to blame, Felipe has to be confronted; he's just one leader, and socialism is much more than one leader.

Background, Family Described

Madrid CAMBIO 16 in Spanish 6 May 85 pp 32-34

[Article by Maruja Torres]

[Text] When Nicolas Redondo laughs, which he does more often than those who know him only from photographs might assume, he reveals the small, distinct teeth of an underfed child, and his eyes narrow with the mischievous glee of a man who enjoys life but shyly. In fact, this is a good description of him. A shy loner whose time has not been his own for so many years that he has trouble remembering when he was last together for a while with his wife, Nati. "A while together? What do you mean?" he replied, offended. With your family, that is. "Oh, that. Well, it must have been Holy Week."

Nicolas Redondo gets his dates mixed up; he has a terrible memory, even when it comes to his serving time in jail. Nati has to remind him that they were married on 20 September 1956, and Antonio, one of his several right-hand men on the UGT Executive Committee, points out that when they were arrested together in 1973 for organizing a strike, they did 9 months, not 5. Redondo is also somewhat embarrassed to talk about the several times he has been behind bars, "because there's nothing praiseworthy about that. Going in voluntarily would be praiseworthy." And he laughs, again showing his gap-toothed grin.

He remembers the time he did in 1973 because it was when he gave up smoking, during the 40 days of punishment that he and others were given for having submitted joint demands ("I've always been naive"). He got used to not smoking, and his severe smoker's cough went away. During that period of 40 days they would walk around the courtyard for a half-hour twice a day, once in the morning and once in the evening, and the inmates who had preceded them would leave cigarettes in the potholes, but he would not give in. Antonio, who is with us now, adds: "I was one doing the peddling, because since everybody knew that I wasn't a smoker, they didn't frisk me, and then I passed on the packages to the other cells by the pendulum system."

At the UGT headquarters on San Bernardo Street, Nicolas Redondo's life is dictated by his schedule as he looks into the consumer price index ("Because we have to be prepared for when the changes come," his economic adviser Enrique tells him) and this whole business of the social security reform and pensions, which he apparently finds out about in the papers rather than directly. "No, Maroto, no," he says over the phone to a colleague in Valladolid. "Don't set up a press conference for me, because I have nothing new to say to people."

Perhaps what would really be news to people is that Nicolas Redondo gets embarrassed when asked whether he was ever warned about kissing his girlfriend, the same Nati, in public in his hometown of Baracaldo. I asked him this because he was telling me that around that time women were fined for not wearing stockings and men for rolling up the shirt-sleeves, commenting that that was quite a life to lead. But as for the kissing in public, "I've always been too reserved for that." He is not fond of dancing either and is miserable when he attends congresses or other such events in Romania or some other country, and his comrades organize a party, and the women expect him to make a gesture, and he just sits there in his seat, in the cold sweat of a man who has been groomed for dancing of another sort.

What he really likes to do is read quietly on one of those rare free days when he is unable to escape to Portugalete, to the green forest and the rough waters that he would dream of if he had the time. In his apartment in Madrid, which is not his own and lacks personality (a modular divan and a pair of tables in a huge living room, a bookcase with a few volumes and no unusual decorative object), Nicolas Redondo

reads by the light of a tensor lamp clamped to a chair. Nati brought it for him from Portugalete: "It's from Colasin, from when he was studying, and I set it up so that at least he doesn't ruin his eyesight." Or he reads in bed until all hours of the night: "Things that I have to know, magazines from here or from France, because I spent so many years there," says Nicolas, "but what I really like are novels, especially about the dark side of life." What he says is true.

All piled up on a table are the books from the "Crime Club" series, which seem so old, Hammett's "Red Money" and Norman Mailer's "The Naked and the Dead."

"Books, books, books all over," groans Nati. "You should see what our house in Portugalete looks like."

They used to live in Baracaldo, in the Santiago Apostol district, better known as the Galician neighborhood. They sold that apartment, which cost a pittance and in which they had so many scares, for 300,000 pesetas 12 years ago to buy the present one. "It cost 576,000 pesetas in all. I borrowed the rest from the savings bank, and we just finished paying it off. You have no idea how much anxiety it caused me. But what happened was that her (pointing to Nati) family, you know how thoughtful in-laws can be, thought it would be just great if we had a big apartment so that when her (pointing to Nati) parents could no longer look after themselves, they could move in with us."

Nati, who is Basque from head to toe, groans again: "Yes, but I didn't want to leave the old neighborhood. We had that apartment paid off, and why get into debt again."

Later, back in his office at the UGT, where he has one plastic and one real plant, a 'potus' ("I know because last year it almost dried up"), Nicolas Redondo talks about the invisible chains that keep them together, about the early mornings when the Civil Guard or the police arrived "and turned everything upside down and sometimes took me in and sometimes not because I had gotten word." He escaped whenever he could.

"We had a bad time of it, you know. That's why now there are certain things you can't forget and specific matters you have to devote yourself to, because you feel you have to."

Redondo is not setting himself apart, though. What he means is that a person should never renounce his class. The cutback in retirement pensions is pertinent here. "After having worked for 31 years at La Naval de Sestao (today Spanish Shipyards), I found that I didn't have social security, I had nothing. And you know, it's very tough, it makes you realize that something could happen to you or to someone in your family, and you'd be flat broke. Of course there are friends, but the people I associate with are quite humble and have their own problems too, and even if there's solidarity, you can't idealize either."

Nicolas Redondo does not idealize. He idealizes about nothing. He laughs waggishly, with the tape recorder off, when we talk about the people who pretty themselves up and crowd together to make it into a photograph: "It seems that this is pretty common in our country." And he feels a bit pained when he receives an invitation to an event organized by "his boys" and reads "formal dress required" in tiny letters almost in the margin.

With the layoffs at the shipyards, which are now in the midst of a reconversion, this short (he seems larger), 57-year old man with brown eyes and a quite apparent forelock could now be a beneficiary of the Employment Promotion Fund, receiving almost 100 percent of his salary and strolling along the banks of the Nervion. "Aren't you familiar with Portugalete? Why, it has a suspension bridge that appears on postcards." But he would be gripped by a fierce melancholy over not being where he is now. Thus, in spite of everything, he can smile happily.

"The first time I was in jail" (as I hear him say these words into the tape recorder, I note that his voice drops just slightly) "was in 1951, and then again, some 20 years later, in 1974, when they told me to take charge of the UGT organization. Everything was in such bad shape; there was so little money, no channels...So, you have to do something."

And keep at it and at it and at it. Nicolas Redondo laughs at the white-collar staff that now surrounds him. Although he refers to himself and those in the executive section as "the executives," he does so with pathetic objectivity. This man knows that he has never engineered a revolution. Yet:

"What do you want? I know that I'm part of a group that's after something, that I'm doing all the unpleasant work that has to get done. When people ask me why I stay on, I don't know what to say. Ask someone else, I answer. It's a question of being a professional. You know how to do something and you know that you have to keep on doing it."

His 26-year old son Nicolas ("He's the spitting image of his grandfather," says Nati) is a deputy in the Basque Parliament and the party's organizational secretary in the Basque Country. His daughter Hidoia ("well yes, it must be the name of one of those virgins") does not devote herself openly to politics but is involved as well. She is 22. Both of them live in Portugalete, and he sees them little. Of course, whenever he can he jumps in his car and heads home (his place in Madrid is not a house or a home; it's a wallpapered tempest), to the north that he left as a child ("It must have been in 1936 or 1937," he says with his proverbial poor memory) when his family, seeking refuge, boarded a boat named "La Habana" whose smell of paint made him vomit. No, he will never forget that. Nor will he forget the lump in his throat over the death sentence against his father, and the trip from

Bordeaux to Sete, the small port in southern France where George Brassens and a song are buried.

When he speaks of his father, the old socialist activist ("He was an honorable man, an honest man"), Nicolas Redondo's eyes grow misty for a moment, with embarrassment, as with everything he does, even resist.

He is the old tiger who tries to ignore that the jungle has turned into an urban development and the hunt into a dirty fight. He is still not a wounded animal. He organizes his day as if it were the only thing in the world. He gives himself little time for nostalgia, can tell you why Stephanie of Monaco is as she is ("When all is said and done, she's playing out the role that has fallen to her") and offers you champagne at 1 in the afternoon with the enthusiasm of a man who knows that life provides little things that are worthwhile treasuring. His favorite foods are fruits and vegetables, especially apples, and he regrets not being able to take walks alone or go to the movies, as in the years when his face was not so well-known from television.

On a wall in his office he has a photo of Ramon Rubial, president of the PSOE, with a quote from Bertolt Brecht written in red: "There are those who struggle all their lives. They are the indispensable ones."

I think that for Nicolas Redondo what is indispensable is not the struggle but rather the knowledge that he is struggling.

8743

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POLITICAL

TURKEY

TURKISH CP GREET'S PCF'S MARCHAIS ON BIRTHDAY

TA080727 (Clandestine) Voice of the Turkish Communist Party in Turkish 0400 GMT
8 Jun 85

[Congratulatory message by Turkish Communist Party General Secretary Haydar Kutlu to PCF General Secretary George Marchais on his 65th birthday--dated 7 June 1985]

[Text] Dear Comrade George Marchais: On behalf of the Turkish Communist Party [TCP] Central Committee, Turkish communists, and on my own behalf, I would like to heartily congratulate you on your 65th anniversary and greet you with our best wishes.

For many years you have been fighting in the ranks of the PCF for the national and social interests of the French working class and toilers. Despite all kinds of pressures from monopolies and all kinds of aggression by the bourgeoisie, you are successfully fulfilling the responsibility of governing the PCF.

At a time when attacks against the PCF are being intensified, you are continuing to guide the struggle for renewal in all fields, for leading toward socialism the masses' request for change, and for strengthening the party.

The Turkish communists greet you as a fervent patriot and internationalist. Our party greatly appreciates your party's and your personal solidarity with the TCP, the Turkish and Kurdish toiling people, and our people's democratic forces.

Dear Comrade George Marchais, on your 65th anniversary I wish you a long life, good health, happiness, and new successes in your responsible task.

With our communist greetings.

[Signed] TCP Central Committee General Secretary Haydar Kutlu, 7 June 1985.

CSO: 3554/132

MILITARY

DENMARK

ADMIRAL THIEDE'S APPOINTMENT AS DEFENSE CHIEF SPARKS DEBATE

Vice Admiral Thiede Profiled

Copenhagen BERLINGSKE TIDENDE in Danish 29 May 85 p 7

[Article by Nils Eric Boesgaard: "Vice Admiral Thiede New Defense Chief"]

[Text] New second-in-command in top defense leadership will be the chief of the Third Jutland Brigade, Colonel Jorgen Lyng.

The chief of the defense staff, Vice Admiral Svend Erik Thiede, has been appointed the new defense chief, effective 1 December. He replaces O.K. Lind and is himself replaced in the position of head of the defense staff by the chief of the Third Jutland Brigade, Colonel Jorgen Lyng. The official announcement of the appointments was made by the government yesterday.

S.E. Thiede became a naval officer in 1947 and sailed for many years on the mine-layer "Lindorman." During the period 1950-58, he served as an artillery officer and he has been both the first officer and captain of the patrol ship "Willemoes."

In 1959, he took a staff course in England and served in shifting staff and ship duty until he became a rear admiral and chief of the Naval Operations Command in 1980.

Thiede is a widely-versed person who has operated an extensive lecture service on defense. It is said that he can work 25 hours a day and indeed, he is forever and always on tours to inspect defense installations.

The appointment of Admiral Thiede was expected now that the waves after the G.K. Kristensen affair have died down. The affair took the form in 1982 of a rumor and destructive campaign which led to the then-chief of defense staff, Colonel G.K. Kristensen, not having his term extended.

The future staff chief, Colonel Jorgen Lyng, 51, was drafted in 1952 and since then has served in as diverse areas as the defense staff and commando troops. He has been an instructor at the defense academy, company leader in the Fyenske Regiment, and at the moment is serving as chief of the Third Jutland Brigade. Colonel Lyng is a leading sportsman who has won eight military and three civilian championships in fencing.

3 July 1985

SDP Defense Spokesman Critical

Copenhagen BERLINGSKE TIDENDE in Danish 30 May 85 p 5

[Article by Thorkild Dahl: "Leader of Defense Committee: 'SDP Not to Get Involved in Appointment of Defense Chief'"]

[Text] Knud Damgaard, the defense spokesman for the Social Democrats, strongly criticizes the appointment of Vice Admiral S.E. Thiede as the new defense chief.

"There are spring tantrums in the Social Democratic Party. It is completely unacceptable that the Social Democrats now are attempting to become politically involved in administrative appointments."

This was the comment of the chairman of the parliamentary defense committee, Frode Nor Christensen, on the Social Democrats' strong criticism of the appointment of a new defense leadership.

The changes in the defense command in Vedbaek will occur on 1 November, and Knud Damgaard says that the Social Democrats will intensify the surveillance in Parliament of the control of the armed forces by the new defense chief, Vice Admiral S.E. Thiede. He calls it a controversial appointment which "possibly is the final installment payment for the underground work against the former head of the defense staff, G.K. Kristensen, who did not have his employment contract in Vedbaek extended."

The defense minister has appointed Vice Admiral Svend Eric Thiede as the new defense chief to succeed General O.K. Lind, and the chief of the Third Jutland Brigade, Colonel Jorgen Lyng, will become chief of the defense staff.

"Thiede was reprimanded by the-then defense chief Knud Jorgensen, and it is not customary for people with reprimands to lead our defense. Confidence in our defense is weakened and the future negotiations will become more difficult," states Knud Damgaard.

Frode Nor Christensen characterizes Vice Admiral Svend Eric Thiede as being hard working and knowledgeable.

Basis for Criticism Examined

Copenhagen BERLINGSKE TIDENDE in Danish 30 May 85 p 10

[Editorial: "Who Harms Defense?"]

[Text] Who is it that is harming our defense? Is it the government, which has appointed Vice Admiral S.E. Thiede as defense chief, or is it the Social Democrats and popular socialists who assert that the appointment is playing games with defense and is an expression of the fact that illegal activity can pay? There can only be the answer that it is they who utter the harsh words who are guilty.

Why do Social Democrat Knud Damgaard and popular socialist Pelle Voigt view what the government has done as being so catastrophic? They do that because they have never gotten over the fact the-then head of the defense staff, General G.K. Kristensen, did not have his term appointment in this position extended, and instead became a colonel again. The government was within its rights not to extend the appointment--the whole idea in term appointments should be that there is no talk about any kind of permanent employment. This was a decision which G.K. Kristensen was not able to accept and since then he has not only gotten behind the Social Democrats banner, but also behind with words which should not be used by a high-ranking officer against the defense minister and the ruling parties and everything for which they stand. This strident activity has been encouraged and fortified by none other than Knud Damgaard who has welcomed the newly-won member of the party with delight.

When it was decided that G.K. Kristensen should not continue on the defense staff, he, in his anger, dug around in the heaps of gossip and fired off baseless charges against a number of officers at the highest level. A campaign-like agitation was carried out under the joint command of the annoyed colonel and the Social Democratic henchmen, and an official investigation was required. It ended with all of the complaints which the colonel could make being rejected. The only thing remaining was that the defense minister found it unfortunate that Vice Admiral Thiede, during a private conversation, had said that "no Danish officer since the Second World War had harmed the defense as much as the-then defense staff chief."

Should this comment--uttered in what is characterized as a little chat with a journalist--form the basis for concluding that the vice admiral is unsuited to become defense chief? Of course it should not--although one can only wonder what is said man-to-man around the messhalls concerning chiefs and colleagues. It is not possible to establish who has harmed our defense the most, but it appears clearly that the colonel and his new comrades in the opposition parties have been engaged for a long time in an activity which indisputably has harmed our defense. C.K. Kristensen, through his conduct, has confirmed that it was correct not to continue him in service as chief of the defense staff, and he has clearly demonstrated his unsuitability as defense chief.

Knud Damgaard and Pelle Voigt should let the colonel attend to his service and think about defense rather than personalities. This is likely too much to demand of the latter-named, but these agitated reactions are not worthy of Knud Damgaard.

Defense Minister: Appointment Justified

Copenhagen BERLINGSKE TIDENDE in Danish 31 May 85 p 14

[Article by Nils Eric Boesgaard and Thorkild Dahl: "Defense Minister Rebukes Knud Damgaard: 'Criticism of New Defense Chief Totally Unheard Of'"]

[Text] Hans Engell says that appointments of this type are not matters which are the subject of normal political negotiations.

"The comments which have come from Knud Damgaard and Pelle Voigt are totally unheard of," stated Defense Minister Hans Engell yesterday when he was questioned about the political criticism of the appointment of Vice Admiral S.E. Thiede as the new defense chief upon Engell's return from the Nordic defense ministers' meeting in Stockholm.

"In connection with the appointment of the new defense chief and chief of the defense staff, there has been a totally factual decision and it always will be the sitting defense minister and government at any given time who make such appointments," states Hans Engell in a conversation with BERLINGSKE TIDENDE.

"Appointments of this type are not matters which are subject to normal political negotiations. I find it very alarming--not the least in consideration of the consequences for the future--if we begin a party-politics debate on the appointment of leading officers or other public servants who do not have the same opportunity to reply as do politicians," states Hans Engell.

Anker Jorgensen Supports Knud Damgaard

Yesterday, following a meeting of the parliamentary delegation, the Social Democratic chairman Anker Jorgensen supported Knud Damgaard's criticism of the appointment of the new defense chief.

"Taking over this position requires that in all corners of our defense--and not the least among political parties--there be full confidence in the person being appointed. That is not possible for the Social Democrats as respects Vice Admiral S.E. Thiede," says Anker Jorgensen, who bases this on the matter of the former chief of the defense staff, G.K. Kristensen.

Anker Jorgensen says that "we unfortunately are of the opinion that this appointment will make current and future negotiations on defense more difficult."

Defense Minister Hans Engell believes that "the assertion that the appointment can mean difficulties in the forthcoming defense negotiations are assertions which I clearly reject. The defense negotiations are conducted between the political parties and the defense minister and there is not the slightest basis for dragging the personalities of the defense leaders into this matter since they are the minister's highest counsellors. During this government and earlier ones, Admiral Thiede has loyally and effectively performed his assigned tasks. Damgaard's criticism therefore is completely unreasonable and I assume that he is speaking for himself and not on behalf of the party which for many years has had governing responsibility and thereby, a responsibility and obligation for the administration of ministries and leadership."

Defense Minister Engell also advises in connection with his meeting with his Nordic colleagues that there has been a discussion, among other things, of the possibility of a Nordic participation in a UN force in Namibia.

"Denmark would be prepared to send 120 men if the UN wishes it," the minister stated, while also complaining that the UN still owes Denmark about 340 million kroner for the Cyprus force.

3 July 1985

MILITARY

FEDERAL REPUBLIC OF GERMANY

ORGANIZATION, INVENTORY, TRAINING OF DESTROYER FLOTILLA

Bonn WEHRTECHNIK in German May 85 pp 14-23

[Article by Wolfgang Flume: "The Destroyer Flotilla"]

[Text] The destroyer flotilla, numbering 4,500 men is the navy's most powerful flotilla. It has five squadrons with a total of 16 ships and eight boats, including six modern missile frigates of the "Bremen" class. The destroyers and frigates are used in antisubmarine defense, air defense and attacks on surface targets. Because of their equipment as well as their age, the different ships tend to vary in their suitability for these tasks. The following article is devoted to an analysis of the destroyer flotilla from the point of view of its organization, its mission and inventory and its problems.

Next to the naval air division, the destroyer flotilla, numbering some 4,500 men, is the navy's most powerful command to which, in addition, all the navy's fighting ships belong. Flotilla headquarters are in Wilhelmshaven. The headquarters staff numbers 35, of which 16 are officers. It is a rather small staff but that is because a flotilla roughly corresponds to a division in the ground forces. The commanding officer has one deputy who simultaneously acts as A-3. Until 31 March 1985, the commanding officer was Flotilla Adm Franz-Dieter Braun and it is now Flotilla Adm Konrad Ehrensberger. Otherwise, the staff corresponds more or less to that of other flotillas, e.g. the A-1 is responsible for personnel; the A-2 for security; the A-31 for training; the A-32 for surface weapons; the A-33 for underwater weapons; the A-4 for logistics; the A-43 for technical logistics (marine engineering); the A-6 for command services and finally, there is a senior medical officer.

The destroyer flotilla does not have an operational control but only an administrative one. The staff is responsible, among other things, for this administrative control; for the development of destroyer tactics; as well as the supervision and enhancement of combat readiness and the training of individual personnel in addition to squadron and unit training; participation in the development of operational and command principles; contributions to multi-year operational and training plans as well as mobilization plans; the authorship of regulations and guidelines

on casualty control and training; collaboration on tactical requirements and, to a limited extent, the planning of national and international exercises. In general terms, the flotilla thus is responsible for training, education and security with regard to the combat readiness of both personnel and equipment.

The roughly 4,500 men of the flotilla include some 430 officers, some 600 petty officers, 1,300 non-commissioned officers and 2,170 seamen, two-thirds of whom are draftees. In the long term, the number of enlisted men is likely to decline, since the modern navy needs fewer and fewer of them--even as the crews themselves decline in number. The "old-fashioned" destroyers of the "Hamburg" class still have a crew of 270 far more than 50 percent of whom are seamen; but the "Bremen" class frigates have a crew of only 204 of whom a mere 59 are seamen--which means that petty officers must even be used to keep the ships clean.

Destroyer Flotilla Has Five Squadrons

The first destroyer squadron is stationed in Kiel. It has three "103" or "Luetjens" class missile destroyers. Although these destroyers as well as the others and the frigates operate in the North Sea and in the southern waters of the Norwegian Sea, Kiel will continue to serve as its home port in the future. In Kiel, the infrastructure for these destroyers which were purchased in the United States is available and that includes a naval shipyard. Furthermore, transferring the roughly 1,100 men from Kiel would only cause a lot of problems.

The second destroyer squadron, made up of four "101-A" or "Hamburg" class missile destroyers, is based in Wilhelmshaven.

The second escort squadron, made up of three "120" or "Cologne" class frigates is also based in Wilhelmshaven.

The fourth frigate squadron, made up of six missile frigates of the "122" or "Bremen" class, also is based in Wilhelmshaven.

The naval service squadron, consisting of five "420" or "Thetis" class submarine chasers operating in the Baltic Sea and three naval service vessels of the "422 A/B" class, is based in Flensburg.

This comes to 16 ships (seven destroyers and nine frigates) and eight boats. The navy's plans are to keep the number of ships at 16 in the future. Around 1995, three "Cologne" class frigates and four "Hamburg" class destroyers are to be replaced by seven "124" class frigates (the so-called NATO frigate 90) which are designed primarily for use in air defense operations. That frigate will have about 5,000 tons displacement, i.e. it will be somewhat bigger than the "Hamburg" class destroyers and in particular the "Bremen" class frigates whose size was still limited under the provisions of the WEU treaty.

There are no plans at present for combat effectiveness upgrading of the "Hamburg" class destroyers but only for minor measures to maintain combat effectiveness. Unless they are replaced at some earlier date by two "122" class frigates, present plans are merely to continue providing maintenance services for the "Cologne" class frigates up to the time they are decommissioned in the mid-nineties. No thought is being given to basic improvements other than that they will now also be equipped with the "Palis" control system which will enable them to operate jointly with other naval units by means of automatic data transmission.

The "Thetis" class submarine chasers will remain in service until the nineties; nothing being known about a possible successor model. The three obsolete naval service boats—which are being used for intelligence missions in the central and eastern Baltic—are to be replaced in 1987-88 by two new "423" class naval service boats to be built at the Flensburg FSG shipyards. The price tag for the equipment system is said to be DM 179 million apiece. Total cost of the new construction program is estimated at DM 362 million, plus DM 25 million development costs. The boats are to have an operational displacement of 300 tons and a permanent crew of 40. Altogether, plans are to provide for three crews to man the two boats. Nonetheless, the total number of personnel slots can be cut by 33, i.e. the three present boats have three crews of 51 men each.

The destroyers and frigates have three primary area and convoy security missions to perform in the North Sea and the southern waters of the Norwegian Sea: air defense, submarine defense and attacks on surface targets. In case of conflict, it may be assumed that the first threat to be met would come in the air. In addition, there would be a constant threat from submarines from the start; but it would depend on water depth.

Since the flotilla's ships vary both in terms of equipment and age, their capability to perform these missions well varies accordingly.

Air defense—in this regard the capabilities of the older "Hamburg" class destroyers and "Cologne" class frigates are not really threat-adequate. It is somewhat surprising that there are no plans—as indeed there are in the case of the antisubmarine units—to introduce infrared-guided man-portable antiaircraft missiles on these ships. The air defense capability of the "Luetjens" class destroyers, which are equipped with SM-1 long-range antiaircraft missile systems and are due to get the RAM, is quite satisfactory. The "Bremen" class frigates' air defense system, consisting of Sea Sparrows, 76-mm guns and the planned RAMs, also is satisfactory; but its primary use is for self-protection. Air defense capability of the projected "124" class frigates is to concentrate on the escort function.

Antisubmarine defense—the "best" ships of course are the "Bremen" class frigates which were designed as antisubmarine frigates. They have excellent bow sonar equipment and the dunking sonar of their helicopters. But among the older ships the capability is not at all good, e.g. in order to maintain sonar contact, they must slow down somewhat to reduce noise levels.

Attacking surface targets—the old "Cologne" class frigates which are equipped with but two 100-mm guns do poorest in this department. The "Hamburg" class destroyers do a little better; they have three of these guns and four Exocet antiship missiles and so do the "Luetjens" class destroyers which have two 127-mm guns and now, in the post-modernization phase, also have long-range Harpoon antiship missiles. But for each Harpoon an SM-1A antiaircraft missile has to be given up. The "Bremen" class frigates get generally good marks in this department. They are equipped with eight Harpoon missiles and a 76-mm gun well suited for attacking surface targets. These particular frigates can also accomodate onboard helicopters for over the horizon targeting or third party targeting, as it is now called, which means that target data are transmitted by radio which lie beyond the radar horizon of a particular ship. Since these messages must among other things be encoded, this procedure still takes a lot of time which is why the flotilla is pinning its hopes on the naval helicopter 90 which allows third party targeting to proceed automatically, e.g. by means of automatic data transmission between the helicopter and the ship. The Link-11 unit used for this purpose is still too heavy to be built into the small Sea Lynx.

Leaving the Sea King helicopters aside which are primarily used in SAR operations (in a few years, they are to be equipped with Sea Skua missiles for the purpose of attacking surface targets), the Sea Lynx is the only navy helicopter usable for tactical operations. The Sea Lynx can be used for antisubmarine operations beyond the weapons range of the frigates. Each of these helicopters is equipped with two torpedoes for this purpose. In addition, the range of the ship's sonar was enlarged in practical terms with the help of the helicopter's dunking sonar. Communications traffic between the helicopter and the ship takes place over UHF and on HF—the latter only over long distances. The Sea Lynx has a crew of three: pilot, copilot and sonar operator, where the latter is responsible for collecting target data. The torpedoes are launched by the pilot. The onboard aviation component (Section 500) numbers 18. Administratively speaking, it has two commanding officers: onboard, it is the ship's first officer or commander and on land, it is the squadron leader/commodore of Naval Aviation Squadron 3 based in Nordholz where the helicopters constitute the squadron's third airborne echelon. Prior to the departure of every ship, the aviation component (which is a distinct disadvantage) is moved by bus from Nordholz to Wilhelmshaven. Only the helicopters fly directly to the ship. Upon completion of an operation, the entire procedure is repeated in reverse. This will continue for a few years more until the helicopter base planned for the Wilhelmshaven navy yard is completed in 1990.

The integration of the onboard aviation unit poses no problems. The helicopters even carry the ship's name on their radar noses, which can be quickly exchanged at Nordholz. Initially, the Sea Lynx pilots were former Sea King pilots for the most part; but there are also pilots now who were trained on the Sea Lynx itself. Following language training, the helicopter pilots spend another $2\frac{1}{2}$ to $3\frac{1}{2}$ years in training before they are ready for onboard duty. It then takes 1-2 more years before the helicopter operations officer is ready to send the crews out on all types of missions. Flight operations themselves pose no problems; but a great deal is asked of the crews in terms of performance capability, e.g. when they have to fly at night for 90 minutes at a time at an altitude of only 60 meters or when they have to land on the small helicopter deck under adverse weather conditions.

At present, neither the "Cologne" class, nor the "Karlsruhe" class has a helicopter component because there are not enough fully trained crews available as yet. The flotilla is not yet fully satisfied with the in commission status of the helicopters; it seems as though not enough spare parts were ordered.

Main Job Is Training

The ships' mission in peacetime is to provide presence at sea in order to deter any potential aggressor from the threat or actual use of military force by means of a high state of operational readiness. This is why it is so very important to provide superior training to the crews; but this is not as easy as it would seem.

The draftees are given 3 to 6 months of training on land which means that they will only spend another 9 to 12 months on board ship—which is much too brief a period of time to learn their job fully. This is one reason why the navy continues to call for better and simpler-to-use equipment, easier maintenance and more stability. Many planners have a greater interest in having new weapons meet these standards than in having individual systems and pieces of equipment improved still further.

Since the draftees are inducted into the service by the quarter, this affects the start of training cycles on board ship as well. For this reason, the navy introduced a pilot program in January 1984, switching to a semi-annual cycle on board the "Schleswig-Holstein," which is a part of the second destroyer squadron at Wilhelmshaven. Time will tell whether operational readiness can be improved in this manner while reducing the load on the training program **simultaneously**.

Onboard training ("team training" or "shaping the crews") is closely tied to actual naval operations schedules. The Operations and Maintenance Schedule (OMS) calls for a ship to be in service for 20 to 24 months at a stretch with one or more 2 to 3-month maintenance intervals and an

8 to 10-month period of depot maintenance at the end of the OMS. In the case of older ships, the OMS stretches out over 50 to 60 months; in the case of the "Bremen" class frigates, it has been lengthened to 111 months for the first time with three 2 to 3-month periods for intermediate maintenance and an 8-month period for depot maintenance.

The times in shipyard are also used for training purposes, with the crews always living on board ship. The first two quarters of any one in-service period are devoted to training. It starts out with 3 weeks of training in port, followed by 2 weeks of individual instruction. Upon completion of damage control training the squadron commander conducts a ready for sea inspection. This is followed by unit training with other ships as a first step toward combat training. In the second quarter, the new arrivals on board are first given individual instruction and then the ships participate in intensive combat training as part of UK Flag Officer Training in Great Britain. The training quarters conclude with the so-called operations inspection. After that, the ships are ready to take part in national and international operations and exercises. The goal is for every ship to fire one antiaircraft missile each year and one antiship missile in the course of each in-service period. This is not a whole lot, even though missile launches can be simulated quite realistically with the help of onboard weapon control and delivery systems nowadays. Still, a genuine tactical launch is different from a launch "under laboratory conditions" or a simulation.

For the crews, of course, the high points are the voyages to foreign countries lasting several weeks—usually to warmer climes, e.g. the Mediterranean, the Caribbean or the Indian Ocean. Generally speaking, the ships go on one long trip each year, accompanied by several combat ships and a supply ship. The latter carry supplies such as water, fuel, ammunition, etc. Other than that, the fighting ships carry their own provisions for 30 to 90 days on board and/or fresh food to last them 21 to 30 days. They are also self-sufficient in the sense that they carry their own spare parts and are able to do relatively major repair work themselves. Only the first destroyer squadron maintains a systems support group on land because of the many items of American manufacture on board the "Luetjens" class destroyers.

The flotilla has a hand in charting these trips by German units. The formations usually are under the command of a squadron commander of the destroyer flotilla although the individual ships may belong to different squadrons. In operational terms, the squadrons as such do not exist as separate entities but are combined as part of a single administrative unit. In most instances, mixed combat groups consisting of destroyers and frigates are formed (as they would be in case of a national emergency) depending on the mission to be accomplished and with a view toward balancing out the weaknesses of different types of ships.

Last year's 4-month cruise to Southeast Asia was led by the "Niedersachsen." Earlier this year, a formation cruised the Mediterranean for 8 weeks. One ship is detailed to duty with STANAVFORLANT at all times; until last March it was the "Hamburg." Up to the end of August, it will be the "Rheinland-Pfalz," which logged 12,500 nautical miles on a cruise to the Caribbean--- and she will be followed by the "Bremen." In 1984, the command of the NATO formation was in the hands of a German naval officer for the first time. The destroyers "Hamburg" and "Luetjens" were the lead vessels which, among other things, necessitated the installation of special communications equipment. The "Luetjens'" 7-month tour with STANAVFORLANT also marked the longest absence of a German ship from its home port since 1956.

As tempting as such cruises may sound, they are used for intensive training. The crews get to know each other and the mostly good weather makes it unlikely that there will be interruptions in the training cycle---such as in our northern latitudes because of fog and storms. Many officers even go so far as to say that twice the amount of training can be achieved during a Mediterranean cruise as compared to the same time spent in the North Sea. For another thing, these Mediterranean cruises provide an opportunity to conduct joint operations with the units of other friendly nations, e.g. so-called passing exercises. Also, missiles may be fired at Toulon.

And---even though many people do not attach enough importance to it---a foreign trip by German warships also provides an opportunity to show the flag and beyond that supports German export interests, e.g. those of the shipbuilding industry which was able to show off the "Bremen" class frigates to potential buyers for the first time during last year's cruise.

Bavaria Has "Destroyer of Its Own"

By now, there are 179 partnership arrangements between cities and Laender on the one hand and ships and boats on the other. These partnerships result in more or less frequent contacts with the population. Delegations pay visits to the ships and members of the ships' crews visit the cities and institutions which have adopted those ships. The crew of the "Rheinland-Pfalz," for instance, contributed DM 10,000 in one year to a home for problem youths in the Rhineland-Palatinate. The very good relations with Bavaria have been called exemplary. "The Free State of Bavaria has been maintaining a destroyer of its own," was the way one officer put it. Relations with the city of Bremen are also very good. The city even created the post of partnership representative and there is a boosters club which counts Ms Koschnik, the lord mayor's wife, among its members.

Future Outlook

Like that of almost all other Bundeswehr units, the future of the destroyer depends to a large extent on the personnel and equipment situation.

The question is whether there will be enough personnel and how well qualified it will be. To be sure, the number of crew members needed to run a ship is going down but the qualifications the individual crew member must have are becoming more specialized and therefore require more training. If the length of training could be cut by **introducing** modular standardization or more user-friendly equipment, it would help the navy a lot.

With regard to training, the flotilla of course depends a great deal on defense ministry planning and availability of funds. There is an understandable desire for new ships—not so much because everything new has a certain fascination but rather because of the **concern** that the old units are getting more expensive to run all the time, not to mention their no longer being threat-adequate. In the case of the "Hamburg" and "Luetjens" class destroyers, there is concern with regard to the high cost of maintenance of their water pipe high-pressure boilers.

Some of the other installations are obsolete. There are either no spare parts for them at all or these must be made under difficult conditions. Particularly in view of this situation, it is frequently surprising to see what these old ships are still capable of—thanks to the high motivation of their crews. But a ship should be able to perform an assignment, if it has to—and that is not just a question of how well motivated its crew is but also of how threat-adequate its equipment is. In this case it means that more consideration should be given to improving antiaircraft defenses in particular.

Visit On Board the "Rheinland-Pfalz"

When the destroyer flotilla called at the port of Wilhelmshaven, WEHR-TECHNIK editors were given an opportunity of inspecting the "122" class frigate "Rheinland-Pfalz" after a lunch with its commanding officer, Cmdr Baron von Poser und Grossnadtitz, and some of the ship's officers (there were only 30 men on board in all because it happened to be a weekend) which gave proof of the abilities of the ship's cook. Our overall impression was that this is a highly modern ship with which its crew is very well pleased.

There is much to praise about the ship and very little to criticize. The engineering came in for special praise because it is said to represent a generation jump from the previous model. The CODOG installation with its General Electric gas turbines and MTU diesel engines performs very well in terms of stability under load and none of the gas turbines have had to be taken out of service ahead of time on any of the six ships. Running

on diesel engines, the frigate will make about 20 knots and on gas turbines, 28 knots. Altogether, we were told, operation is very economical although the gas turbines do use relatively more fuel at slower speeds. The ship runs very quietly due to very good soundproofing and a quiet propulsion plant. The ventilating system, which is not quite what it should be, makes the most noise on board ship. A great deal on board has been automated which to some extent increases the need for more highly qualified personnel. Thanks to a logger device and a remote control system the engine rooms do not have to be staffed at all times.

The crew's quarters are a great improvement on those of the older ships. The ~~semen's~~ quarters will accomodate up to 12 men as compared to the "Luet-jens" class destroyers where quarters are still shared by up to 80 men. The lockers for clothing and personal belongings are surprisingly small. Soldiers in army barracks have about twice as much room. The sanitary facilities, including showers, are located close to the sleeping areas fore and aft. There is only one bathtub in the ship's dispensary. Recreation rooms are somewhat farther removed.

It is questionable whether this type of separation can be maintained on the ships of the future. Perhaps the men will then also be able to spend more of their time during waking hours in the sleeping quarters. Tall crew members will be happy about the passageways which are 1.90 meters to 2 meters high throughout—which even the Dutch have not introduced on their "Kortenaer" frigates, the model on which our frigate was based. The galley and bakery equipment is also very good. Even on long cruises there are fresh rolls every morning. Peeling potatoes and washing your own laundry as "extra chores" for the crew are both a thing of the past. There is special equipment and special personnel on board to do the job.

Although it was designed as an antisubmarine frigate, the frigate may just as well be called a multi-purpose frigate thanks to its sensors, effectors and the equipment of its operations center (with a total of nine consoles). As compared to the smaller "Cologne" class frigate, this particular ship has a smaller radar reflecting area, since niches and corners have been eliminated to a large extent. For this reason, the frigate does not look particularly beautiful. The "Cologne" was the first of these frigates to get a light grey rally stripe which separates the "unwieldy" hangar from the ship's hull—and that is a small improvement. This hangar provides plenty of room for two helicopters with their rotors folded. In front of the hangar there is the space for the two MK 44 and MK 46 torpedoes, which can be launched both from the ship and, if equipped with a tailgate and a parachute, from the helicopter. To provide fuel for the helicopters, the ship carries a supply of special aviation fuel whereas the ship's own gas turbines run on diesel oil.

As modern as the ship may be, with its interior painted in pleasant colors, the bridge really is disappointing. It looks very conventional and one could also improve on the way the equipment is arranged. But the good food on board makes up for that--which is another way of saying that the destroyer flotilla seems to be "spoiled" in this respect. "A number of our ships would win culinary contest hands down against the 'Four Seasons' Hotel," flotilla commander Braun told us.

10 Years From Now

Current German navy plans for the second half of the nineties call for the following naval resources: 16 destroyers and frigates; 24 submarines; 40 fast missile patrol boats; 54 mine warfare vessels; 112 "Tornado" naval fighter bombers; 18 antisubmarine and reconnaissance aircraft; 36 antisubmarine, attack and SAR "Sea King" and "Sea Lynx" helicopters; 22 new multi-purpose helicopters for ship-based antisubmarine operations, as attack helicopters as well as for SAR and transport missions.

Fulfillment of Navy Defense Mission

This is unthinkable in the absence of a well-functioning merchant marine. During the first 180 days following the decision to reinforce Europe, it will be necessary to move 60 million tons of equipment and 25 million tons of fuel to Europe by sea for the purpose of military reinforcement and 948 million tons in bulk cargo to provide for the peoples of Europe. The Defense Shipping Authority of NATO is to collect some 7,000 ships in a pool. The FRG contribution to this pool currently stands at 320 ships.
[Fleet Adm Wolfgang Brost, FueM III staff section head]

Fighting Ships and Boats of Destroyer Flotilla

| | Fregatte Kl. 120 KÖLN-Klasse (1) | U-Jagd-Boot Kl. 420 THETIS-Klasse (2) | Zerstörer Kl. 101 A HAMBURG-Klasse (3) | Zerstörer Kl. 103 B LÜTJENS-Klasse (4) | Fregatte Kl. 122 BREMEN-Klasse (5) |
|---------------------------------|--|---|--|--|---|
| Name, Hull-No | Augsburg F 222 | Thetis P 6052 | Hamburg D 181 | Lütjens D 185 | Bremen F 207 |
| Stapellauf/Indienststellung (6) | 15. 8. 59/7. 4. 62 | 22. 3. 60/1. 7. 61 | 26. 3. 60/23. 3. 64 | 11. 8. 67/22. 3. 69 | 27. 9. 78/7. 5. 82 |
| | Lübeck F 224 | Hermes P 6053 | Schleswig-Holstein D 182 | Mölders D 186 | Niedersachsen F 208 |
| | 23. 7. 59/6. 7. 63 | 9. 8. 60/16. 12. 61 | 20. 8. 60/12. 10. 64 | 13. 4. 68/20. 9. 69 | 9. 6. 80/15. 10. 82 |
| | Braunschweig F 225 | Najade P 6054 | Bayern D 183 | Rommel D 187 | Rheinland-Pfalz F 209 |
| | 3. 2. 62/16. 6. 64 | 6. 12. 60/12. 5. 62 | 14. 8. 62/6. 7. 65 | 1. 2. 69/2. 5. 70 | 3. 9. 80/9. 5. 83 |
| | | Triton P 6055 | Hessen D 184 | | Emden F 210 |
| | | 5. 8. 61/10. 11. 62 | | | 17. 12. 80/7. 10. 83 |
| | | Theseus P 6056 | 4. 5. 63/8. 10. 68 | | Köln F 211 |
| | | 20. 3. 62/15. 8. 63 | | | 29. 5. 81/19. 10. 84 |
| | | | | | Karlsruhe F 212 |
| | | | | | 8. 1. 82/16. 4. 84 |
| Bauwerft (7) | Stülcken, Hamburg | Roland, Bremen | Stülcken, Hamburg | Bath Iron Works, USA | Bremer Vulkan ¹⁾ |
| Verdrängung (8) | t 2 696 | 750 | 4 750 | 4 720 | 3 780 |
| Länge (9) | m 110 | 70 | 133 | 135 | 130 |
| Breite (10) | m 11 | 8,2 | 13,5 | 14,5 | 14,6 |
| Tiefgang (11) | m 5,1 | 4,4 | 6,9 | 6,3 | 6,1 |
| Antrieb (12) | 4 x MAN V8V (Diesel) je 2 944 kW | 2 x MAN V84V (Diesel) je 2 503 kW | 2 x Wahodag (4 Kessel, 2 Turbinensätze) (13) je 25 024 kW | 2 x Westinghouse (4 Kessel/ 2 Turbinensätze) je 25 760 kW | 2 x MTU 20 V 956 (Diesel) je 3 820 kW |
| | 2 x BBC (Gasturbine) je 8 832 kW CODAG | | | | 2 x LM 2500 (Gasturbine) je 19 000 kW CODOG |
| Brennstoff (14) | m ³ 361 | 78 | 810 | 950 | 610 ²⁾ |
| Fahrt max. (15) | kn 30 | 23 | 35 | 34 | 30 |
| Fahrtbereich (16) | sm 2 910 bei 22 kn | 2 930 bei 12 kn | 3 400 bei 18 kn | 4 030 bei 18 kn | 5 700 bei 17 kn |
| Besatzung (17) | 210 | 64 | 270 | 340 | 204 |
| Rohrwaffen (18) | 40 mm 2/1 2/2 76 mm - 100 mm 2/1 127 mm - | 1/2 - - - - - - - | 4/2 - - - 3/1 - - - | - - - - 2/1 - 2/3 (6) | - 1/1 - - - - 2/2 (8) |
| Torpedos | 324 mm - 533 mm 8 | - - 4 - | - - 4 - | - - - - | - - - - |
| U-Jagd- Raketenwerfer (19) | 375 mm 2/4 (70) ASROC | 1/4 (20) | 2/4 (118) | - 1/8 (8) | - - |
| Minen/Wasserbomben (20) | ja | ja | ja | - | - |
| Seeziel-FK (21) | EXOCET | - | 2/2 (4) | 8 | 2/4 (8) |
| | HARPOON | - | - | - | 1/8 (16) |
| Luftziel-FK (22) | SEA SPARROW | - | - | 1/1 (29) | - |
| | SM-1/1A | - | - | (21) | 2/21 (42) |
| FK-Abwehr-FK (23) | RAM | - | - | - | 2 SEA LYNX mit |
| Bordhubschrauber (24) | - | - | - | - | Torpedos (16) |

1) Generalunternehmer; Bauwerften: F 207 Bremer Vulkan, F 208 AG Weser, F 209, 211 Blohm + Voss, F 210 TNSW, F 212 HDW, Kiel,

2) einschl. Flugbenzin (26)

Key:

1. Cologne class frigate
2. Thetis class antisubmarine boat
3. Hamburg class destroyer
4. Luetjens class destroyer
5. Bremen class frigate
6. Launch/ commissioning
7. Shipyard
8. Displacement

9. Length
10. Width
11. Draft
12. Propulsion
13. 4 boilers; two sets of turbines
14. Fuel
15. Speed
16. Range
17. Complement
18. Guns
19. Antisubmarine rocket launchers
20. Mines/depth charges
21. Antiship missiles
22. Antiaircraft missiles
23. Antimissile missiles
24. Onboard helicopters
25. General contractors; shipyards
26. Including aircraft fuel

9478

CSO: 3620/369

MILITARY

GREECE

TWO ADMIRALS RESIGN ABRUPTLY

Athens I KATHIMERINI in Greek 8 Jun 85 p 1

[Text] Navy chief of staff, Rear Admiral Antonios Theokharis, and chief of the naval administrative command, Rear Admiral Anastasios Triandafyllidis, abruptly tendered their resignation yesterday.

The resignation of these high-ranking officers who are known for their abilities gave rise to justified questions, as well as for the additional reason that both are known for their democratic convictions.

Select Elements

The two rear admirals took part in the Navy coup against the dictatorship of May 1973, they were imprisoned and were dishonorably discharged. They returned to active duty after the restoration of democracy.

Both Rear Admiral Theokharis and Rear Admiral Triandafyllidis were class leaders in the Naval Cadets School and, until yesterday, third and first respectively on the Navy List.

The reasons for their resignation were not made known. But, according to information, the two high-ranking officers of the navy had reacted to the attempt to politicize the navy and had also disagreed about the recent criteria on promotions and retirement. Their objections, however, were not only disregarded but were not even recorded in the minutes!

Last night it was announced that the Ministry of National Defense accepted their resignations.

. Rear Admiral Anast. Triandafyllidis is of the class of 1950. He graduated from the Cadets School in 1954.

. Rear Admiral Ant. Theokharis is of the class of 1951. He graduated from the School in 1955.

12278
CSO: 3521/270

MILITARY

ICELAND

ACTIVE NATO ROLE TO MEET RISING STRATEGIC IMPORTANCE

Reykjavik NEWS FROM ICELAND in English Jun 85 p 21

[Article by Bjorn Bjarnason]

[Text]

This is the second article in a three-part series on Iceland's participation in the North Atlantic Alliance, written for News From Iceland by Björn Bjarnason, deputy editor of Morgunbladid.

"The purpose behind the presence of the Iceland Defence Force (IDF) is to defend this country and its air and sea space, in accordance with our own wishes," to quote from the report on foreign affairs prepared by Foreign Minister Geir Hallgrímsson in April and debated by parliament the following month. The report continues: "Surveillance undertaken by the IDF is the basic premiss for continuous assessment of increases in Soviet military strength in the vicinity of Iceland, enabling NATO to respond in appropriate fashion."

Ever since the defence agreement with the USA was signed in 1951, the US forces in Iceland have been assigned a clear role not only regarding defence of the country but also in defending and patrolling the area surrounding it. From the point of view of European defence, operations in Iceland have assumed increasing importance with the steady Soviet military buildup from the Kola peninsula, one of the largest arsenals in the world.

Maritime air patrolling has been maintained by the IDF from the Keflavik naval air base from the very start. Since 1969, this role has been performed by Orion P3Cs, with a US squadron of nine planes stationed for five months at a time. Surveillance and ASW aircraft from Britain, France, Netherlands, Canada, Norway and West Germany have often made stops of several days at a time, while the Netherlands have now indicated their desire to station one of their Orions at Keflavik on a permanent basis. This overture has met with a positive response from the Icelandic government.

Undersea detection by the SOSUS system, a longstanding feature of anti-submarine warfare, has been maintained from Iceland for close on twenty years.

Swept into Soviet buildup

A crucial factor in the defence of sea routes between North America and Western Europe is managing to confine the Soviet fleet as far north towards the Kola peninsula as possible, which is proving an increasingly difficult objective to achieve. In order to honour their pledge to send reinforcements to Norway during times of crisis, NATO countries must ensure access for their maritime forces. For this reason, the

GIUK gap extending from Greenland across Iceland to the UK is not an adequate defence barrier; instead, NATO envisages a forward strategy into the Norwegian Sea to engage the Soviet fleet there. Iceland cannot be precluded from any conceivable military conflict in this area, and through its membership of NATO has taken a stand allying itself with the opponents of Soviet expansion.

"The advances which have been made in Soviet air technology are a source of concern for us in Iceland," the foreign minister comments in his recent report, adding that "earlier medium-range (Soviet) bombers have been equipped with cruise missiles. New long-range supersonic Backfire bombers have been introduced, to be complemented within a few years by the still more sophisticated Blackjack models."

In addition to the two new types of aircraft mentioned here, which have altered the actual or strategic picture off Iceland, further developments are in the offing. The Soviet Union is expected to possess long-range fighters within five years capable of escorting its Backfires and surface fleet in the Norwegian Sea. A 70,000-ton Soviet aircraft carrier is also under construction, foreseeably intended to join the fleet in the vicinity of Iceland.

Restoring the balance

Responses from Iceland to the changing picture outlined above have taken a variety of forms. The Iceland Defence Force continues to patrol airspace extending 140 nautical miles from Iceland's coastline. For this purpose it employs 12 F-4E Phantom interceptors, two AWACS airborne early warning systems, a KC-135 tanker and two radar stations, one near Keflavik and the other at Stokksnes in the southeast of the country.

Growing Soviet encroachment has made it felt necessary to in-

crease defence of Iceland's airspace still further. Later this year 18 F-15s are scheduled for delivery to replace the Phantoms. Construction of nine semihardened aircraft hangars at the Keflavik naval air base to house the F-15s is now nearing completion, and a further four are scheduled to be built at a later date. It has also been decided to add a further two radar stations to the network, to be located on the northeast and northwest extremes of the country, while equipment at the existing stations is to be modernized.

Oil depots (POL facilities) and harbour facilities linked to them are now under construction near Keflavik. Plans are afoot, in addition, to build a new command and control centre for the IDF.

These programmes are financed for the most part by NATO's Infrastructure Fund, and since Iceland is not party to this organization its contribution as the host country is paid for by the USA. Geir Hallgrímsson has spoken of the need for a comprehensive assessment of conceivable Icelandic membership of the fund, and the rights and obligations which this would entail.

Radical reorganization

Hallgrímsson's attitude to this question is in accordance with the policy which he has shaped during his two years in the office of foreign minister. To summarize his viewpoint, he does not want Iceland to restrict itself to a passive role in the NATO military alliance, preferring more active participation as far as its status of a nation without an army will allow. To this end, he has reorganized the Foreign Ministry's Division of Defence Affairs, which liaises with the Iceland Defence Force. This has been transformed into a ministerial department within the Foreign Ministry, dealing with information and research on military strategy and technology to

enable continuous assessment of the country's strategic position, and defence requirements and their organization. The office is also intended to participate in the work of the NATO Military Committee, cooperate on defence policy formulation with the IDF and ACLANT, and handle relations with the defence ministries of NATO members and other countries under the guidance of ministerial directives.

This new arrangement took effect on April 1 this year, and it is too early to predict what impact it will have. It is no exaggeration to call the reorganization the greatest administrative change in Icelandic foreign relations with respect to military affairs since the establishment of the independent republic in 1944. No controversy has arisen over the matter within Iceland, and it has attracted little attention in the international arena. While it is likely that Icelanders will proceed with caution on this new road, other nations must nonetheless face up to the fact that they have now made governmental provision for assuming an active role in wider areas of NATO operations than before.

Around 3,000 US military personnel are now stationed in Iceland, or, including dependants, more than 5,000 US citizens. Naturally, Icelanders have always felt somewhat sensitive about the need to have so many foreigners in their country. Like more populous nations within NATO, Iceland cannot, however, guarantee its own security without external assistance. Having allied itself with the democratic nations, it wishes to make a contribution. To this end, Iceland desires now to undertake a more active role within the NATO alliance on the basis of its membership there and the mutually beneficial relations with the USA which there is no justification for discontinuing or disrupting.

Transl. BS

MILITARY

SPAIN

ADMINISTRATION MAY STILL AVOID REFERENDUM ON NATO

Madrid DIARIO 16 in Spanish 21 Apr 85 p 4

[Article by Enrique Montanez]

[Text] Circles close to military intelligence departments support the view that the government has already begun its election campaign now that the EEC obstacle has been removed and that elections will be called in November, meaning that the Cabinet will be able to cancel the referendum on NATO. Minister of Defense Narcis Serra will conclude his information tour of NATO countries before summer. If the voting is held, the government's campaign will push for a "yes" vote, but if the "no" vote has the majority, we shall maintain the current status: NATO and agreements with the United States to take the place of the military structure.

Madrid--Before the arrival of summer, Minister of Defense Narcis Serra will conclude the plan set forth by the government in order to inform NATO members of the position of the Spanish socialist Executive Branch on the degree of participation in the Atlantic Alliance. In September, the government will begin an information campaign on NATO preceding the referendum, although circles close to military intelligence departments do not discount the possibility that Prime Minister Felipe Gonzalez might call general elections for the month of November.

Starting in mid 1983, the minister of defense has traveled to NATO countries for the purpose of personally informing those countries, on behalf of the government, that Spain will not give up the Atlantic organization and that the election promise of the Socialist Party of submitting membership in that organization to the people in a referendum will be exclusively based on the degree of the tie to the military structure.

Agreements With United States

In the line of argument taken by the government with allied nations, it is stated that a possible decision by the people against membership in the military structure would not affect Western security, since Spain maintains, and the government headed by Gonzalez is willing to respect, a military accord with the United States, complying with the mission of completing NATO's defensive arrangement on the southern flank of Europe.

European defense ministers with whom Serra has met in the past 2 years have all asked why Spanish socialists included a referendum on NATO in their election promises and if they intended to keep it.

Politicians and leaders on the old continent believe that in the Europe that emerged following World War II, above and beyond economic interests and the logical national struggles over political hegemony, there exist a number of rules of play that cannot be altered. The most important one of all is the need for NATO to confront the Warsaw Pact. No one stops to think whether one of the two military organizations is the cause of the other, whence the pressures placed on Spain not to submit the Alliance to a popular vote.

Sources close to the prime minister's office have told this reporter that from the very beginning, the only possible position has been maintained with European partners and the United States: The Spanish Government believes it is indispensable for its credibility to hold the referendum. To do so, it is only necessary to have the will, to make the decision. This is not so of other election offers such as the oft betrayed 800,000 jobs, a promise whose failure to keep can be explained to the people, government sources continue, as follows: We have done everything possible: industrial reorganization, stopping inflation, encouraging investment, but it has been impossible to achieve the employment figures that were planned.

Information Campaign

Ministers Fernando Moran and Narcis Serra have explained in Europe that the government will, in the months preceding the date of the referendum and sufficiently in advance, implement an information campaign to explain what NATO is to the people.

Privately, government officials and leaders of the PSOE [Spanish Socialist Workers Party] state that the campaign will be designed to lead to a "yes" vote, but if there should be a majority "no" vote on NATO, there will be no reason for concern because in all actuality, the people would have voted to maintain the current status: supporting the Washington treaty that links us with NATO and continuing with the Spanish-American accord. Furthermore, this is the proposal contained in the defense decalog announced by Gonzalez in the debate on the state of the nation.

However, seasoned political quarters insist that the referendum will not be held. This position is joined by the personal opinions of military men close to intelligence services. These experts maintain that specific decisions made by the government in recent weeks, after Spain is already a member of the EEC, indicate a possible moving up of the general elections to the last quarter of this year, meaning that the government would gracefully avoid calling the referendum, independently of the fact that this week, Gonzalez announced that it should be held in March 1986.

Early Elections

If there is no referendum, the new socialist government emerging from the elections would have a second legislative term, until 1990, experts say, in order to incorporate us into the NATO military structure. Serra has demonstrated great interest in renewing bilateral military cooperation agreements with the Federal Republic of Germany, France and Italy, and extending them to other nations such as Great Britain, Holland and Greece.

Bilateral Accords

All of these agreements share a common thread: strengthening cooperation in the area of the defense industry and the exchange of classified information. The acquisition of new technology, plans for the joint manufacture of weapons systems and the acquisition of experience in the field of military doctrine place Spain in a rather comfortable position enabling us to benefit from everything offered by the NATO military structure without actually being in it.

Between now and the month of July, following President Reagan's visit, the minister of defense will visit the remaining Alliance countries: Canada, Denmark and Turkey. There are no plans to travel to two nations whose presence in the Atlantic Alliance is on a token basis: Luxembourg and Iceland, although the latter has great strategic value. They thus complete the 15 member countries, excluding Spain. The Ministry of Defense maintains the most absolute silence regarding the minister's schedule of trips. The document showing possible dates has been classified as "confidential."

11,464

CSO: 3548/131

MILITARY

SPAIN

NEGATIVE ATTITUDES TOWARD U.S. REVEALED

Madrid EL PAIS in Spanish 5 May 85 p 17

[Text] The presence of Ronald Reagan in Spain in the days ahead has turned into one of the most controversial visits ever made to this country by American presidents. A far cry from the warm and tumultuous welcomes extended, under General Franco, to figures such as Eisenhower, Nixon and Ford and that given to Democrat Carter -- already in transition -- the visit of the current Republican President of the United States is being received with some resentment by the Spanish people, according to a poll conducted by EL PAIS.

Over half of those interviewed -- some 65 percent -- say that they do not agree with the economic policies of President Reagan, that it does not help the progress of underdeveloped countries such as Spain. Although the most numerous votes sharing this opinion belong to communists -- 84 percent -- one must also look at the responses from the CIU [Unity and Convergence Party], with 74 percent; the PRD [Reformist Party], with 67 percent, the PSOE [Spanish Socialist Workers Party], with 72 percent, and those of the Popular Coalition, with 50 percent. This position is mainly taken by young people under the age of 24 -- 80 percent -- and those with a high level of education -- 84 percent.

Above and beyond this average percentage is the number of those -- 74 percent -- who do not believe that the weapons policy followed by Reagan helps peaceful relations between nations. Socialists, 83 percent, and communists, 87 percent, are at the top of the list with this opinion, followed by Basque nationalists, 75 percent, and Suarists, 73 percent, still among those with an average level of education, 81 percent, or high level, 79 percent, although for the most part, they are between 18 and 24 years of age to the extent of 91 percent.

Spain's ties to the West, where the United States holds unquestioned power, is not of decisive importance in the opinion of those interviewed regarding their degree of loyalty and friendship for our country.

From the time of the welcomed Mr Marshall during the postwar period as the only protection against international isolation, only 16 percent of those interviewed now believe that the United States and President Reagan are loyal and sincere friends of Spain. This is an exceptional percentage insofar as it is even lower than that for those who do not know or do not respond (20 percent).

Voting Intentions in Coming Elections

| | Nat. Total | Pop. Coal. | PSOE | CDS | PRD | PCE | PNV* | CiU |
|---|---------------|---------------|------|-----|-----|-----|------|-----|
| President Reagan's economic policies help the progress of other underdeveloped countries such as Spain. | | | | | | | | |
| Agree | 17 | 26 | 15 | 17 | 26 | 11 | 18 | 15 |
| Disagree | 65 | 50 | 72 | 60 | 57 | 84 | 67 | 74 |
| Do not know/no response | 18 | 24 | 13 | 23 | 7 | 5 | 15 | 11 |

President Reagan's weapons policies help peace and ward off the danger of world war.

| | | | | | | | | |
|-------------------------|----|----|----|----|----|----|----|----|
| Agree | 13 | 29 | 9 | 14 | 34 | 11 | 10 | 19 |
| Disagree | 74 | 55 | 83 | 73 | 57 | 87 | 75 | 61 |
| Do not know/no response | 13 | 16 | 8 | 14 | 9 | 2 | 15 | 20 |

The United States and its President are loyal and sincere friends of Spain.

| | | | | | | | | |
|-------------------------|----|----|----|----|----|----|----|----|
| Agree | 16 | 29 | 15 | 11 | 23 | 6 | 21 | 15 |
| Disagree | 64 | 47 | 68 | 56 | 51 | 91 | 55 | 75 |
| Do not know/no response | 20 | 24 | 17 | 33 | 26 | 3 | 24 | 10 |

If our country stays in NATO, the United States should reduce its military presence in Spain.

| | | | | | | | | |
|-------------------------|----|----|----|----|----|----|----|----|
| Agree | 66 | 58 | 75 | 65 | 54 | 63 | 80 | 60 |
| Disagree | 15 | 25 | 11 | 10 | 19 | 20 | 10 | 30 |
| Do not know/no response | 19 | 17 | 14 | 25 | 27 | 17 | 10 | 10 |

* PNV [Basque Nationalist Party]

The outstanding group in this respect is the CiU nationalists, with 75 percent, outdone only by the communists (91 percent), while at the other extreme are the voters of a party very close to the CiU: the PRD of Roca and Garrigues, with 23 percent, along with those of the Popular Coalition, only 6 points away.

This high degree of rejection, 73 percent, includes persons whose level of education is average or high and those under 24 years of age (79 percent), compared with those over 45 and 65 (21 and 18 percent respectively). On this and other questions formulated in the poll, one's attention is attracted by the high percentage of those interviewed who are potential voters for the party of Adolfo Suarez (the CDS, Democratic and Social Center), who do not express themselves in any direction. This result leads one to situate the group, ever larger, among those not ideologically defined, with voters in the shadow of a charismatic leader.

On the eve of President Reagan's visit to Spain, Minister of Foreign Affairs Fernando Moran and the prime minister himself, Felipe Gonzalez, have stated the government's intention of negotiating a reduction in military personnel

of the United States in Spanish territory. These manifestations have come about shortly after this poll was conducted. Despite that fact and the response of American spokesmen in the sense that it would not be a matter to be negotiated during Reagan's stay in Spain, Spanish public opinion maintains an immutable posture on the matter. While in November 1982 (EL PAIS/SOFEMASA poll), 65 percent of all Spaniards were opposed to American bases remaining in Spain, the number has increased by 1 percentage point.

Curiously enough, those who have joined the ranks of this opposition are Popular Coalition voters, who have gone from 44 percent (in 1983) to 58 percent. In the opposite direction are communist voters (from 82 percent to only 63 percent opposed now) and the CiU nationalists (from 68 to 60 percent).

Young men are the group that shares this opinion the most, compared with adults over the age of 65, who express themselves the least (29 percent) and at the same time, the most opposed (18 percent) with a reduction in the American presence in Spain.

This apparent contradiction is derived from the fact that it is the group that speaks out most decisively in both directions, meaning that it expresses its opinion. The opposite is true of women (25 percent), adults over 65 (29 percent) and, curiously enough, those with a higher level of education (20 percent), who either do not know or do not respond to the question of whether the United States should reduce its military personnel in Spain.

11,464

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MILITARY

SPAIN

OPINION ON NATO MEMBERSHIP NEGATIVE, STABLE OVER TIME

Madrid EL PAIS in Spanish 5 May 85 p 18

[Text] The public debate over Spain's membership in NATO has not helped the Spanish people to clarify their ideas on the matter one whit, for they have neither clarified nor substantially modified their opinion. Nevertheless, one fact emerges from the results of the survey: Over one-third of the Popular Coalition members align themselves with those not wanting to remain in the Atlantic alliance. On the contrary, it is the voters who support Miquel Roca and Antonio Garrigues (PRD [Reformist Party]) who also support the defensive alliance (50 percent).

The percentage of Spaniards rejecting membership in the Atlantic Alliance is slightly higher than at the time of the last EL PAIS poll on Spain's membership in NATO (October 1984). Based on the margin of error of the polls (about 2.8 percent), we could say that Spanish public opinion has scarcely changed in the past 6 months. There is also a high percentage of Spaniards (19 percent) who do not know or who do not want to express their opinion on the matter.

This crystallization of Spanish public opinion has come about precisely at a time when the Spanish people have experienced the constant ups and downs and endless wrangling over the agreement to join the European Economic Community.

Those favoring Spain's membership in NATO, without joining its political structure, total 19 percent (same percentage shown in the October 1984 poll). If we were to calculate those for or against, after discounting those who say they would not vote in a referendum, we would arrive at a result of two-thirds inclined to withdrawal, compared with those who wish to stay in NATO. This fact would place the government of Felipe Gonzalez in a very difficult position in gaining backing for what seems to be his Cabinet's intention: belonging to NATO without joining the military structure and reducing American bases in Spain.

By party, the PCE has the greatest number of responses against membership in NATO: 85 percent, which means that it also has the fewest favoring continued membership, although the figure of 7 percent is also surprising.

National Total Based on Voting Intentions in Coming Elections
Voting Intentions on NATO Referendum

| | <u>%</u> | <u>Pop. Coal.</u> | <u>PSOE*</u> | <u>CDS*</u> | <u>PRD</u> | <u>PCE</u> | <u>PNV*</u> | <u>CIU*</u> |
|-------------------------|----------|-------------------|--------------|-------------|------------|------------|-------------|-------------|
| Yes on NATO membership | 19 | 40 | 16 | 19 | 50 | 7 | 21 | 9 |
| No on NATO membership | 54 | 37 | 64 | 55 | 20 | 85 | 65 | 61 |
| Do not know/No response | 19 | 19 | 16 | 26 | 16 | 6 | 5 | 15 |
| Would not vote | 8 | 4 | 5 | -- | 14 | 2 | 10 | 15 |

* PSOE [Spanish Socialist Workers Party]
CDS [Social and Democratic Center]
PNV [Basque Nationalist Party]
CIU [expansion unknown]

The Catalanian nationalists belonging to the CiU, when combined, constitute the second highest party in responses unfavorable to NATO: 61 percent against and only 9 percent for, with another 15 percent who will not vote in a referendum. Even more negatives are registered by PNV voters, 65 percent, although 21 percent are for NATO and only 10 percent would refrain from the coming election. Whence our placement of the CiU in second place ahead of the PNV, even though the former party has fewer responses against membership.

Only voters from the Popular Coalition (Fraga, Alzaga) and those of the Reformist Party (Roca and Garrigues) show clear support for Spain's membership (40 and 50 percent respectively). It is significant that 37 percent of the alliance members could oppose NATO, along with those from other parties.

11,464
CSO: 3548/131

MILITARY

SPAIN

POLLING VARIATIONS ON NATO ENTRY EXPLAINED

Madrid EL PAIS in Spanish 6 May 85 p 15

[Article by Gines Garrido: "Opinion Polls on NATO and the National Quandry"]

[Text] In recent months, opinion polls have been published concerning Spain's entry into NATO and voting intentions in the referendum on the issue.

The different results which each one presents concerning what appears to be a common, well-known issue, lead one to believe that everything depends on how the question is put to the person interviewed and that the data vary depending on the different formulations.

Nothing could be more certain or comprehensible. Who would not answer in different ways when questioned in different ways about the same issue? And yet, what is well-known is not always what is most important. What is relevant is that everyone agree that things might happen that way. Or better, that they are happening that way today in Spain and revolving around a problem which, fortunately enough, is about to create one of the most lively, hard-fought debates in our society.

We are presenting no less than five polls (not all those possible). The following table shows their results as gathered by as many technical teams. They all deal with the same problem, but not in the same manner, which is the basic, fundamental reason why the final figures cannot coincide. The cause of these disparities lies in the drafting of questions and the possibilities offered to persons interviewed.

EL PAIS Poll

Question: Let us assume that the government calls a referendum in order that the Spanish people may vote yes or no on Spain's continued membership in NATO. How would you vote?

Possible replies: That Spain should remain in NATO; that Spain should not remain in NATO; do not know, am not familiar with the issue; would not vote.

This poll contemplates the problem in terms of a referendum, a situation that does not allow the slightest nuance in the response or any attenuating features (fewer American bases, for example). The question and answer must be unequivocal so that what the majority decides could be immediately carried out.

CIS Poll

Question: With which of the following statements do you most agree?

Possible responses: That Spain should belong to the NATO military organization; that Spain should continue to be a member of NATO, but without joining the military organization and while reducing American bases; that Spain should completely abandon NATO; do not know or no response.

Another question was situated immediately before this one asking the person interviewed what he had understood concerning the position of the government of Felipe Gonzalez on NATO. Three positions were offered as possible suggestions, two of them consisting in total integration (political and military) and complete abandonment of NATO, while the third proposed continuing membership (only political) in NATO and the reduction of American bases.

In other words, two propositions not offered by Felipe Gonzalez and the real one expressed by the prime minister of the Spanish Cabinet. Some 16 percent of those interviewed said in answer to this question that the idea of Felipe Gonzalez included full integration (political and military). However, we can consider that the CIS poll has great value concerning the orientation of opinion trends even if the person interviewed is not confronted with the real dilemma of two opposing positions.

EMOPUBLICA Poll

Question: Imagine that a referendum will be held tomorrow concerning Spain's membership in NATO. For which of these options would you vote?

Possible responses: full integration (political and military); maintenance of the current situation (political integration); total withdrawal from NATO; still not decided; would submit a blank ballot; would not vote; do not know what NATO is; no response.

This question is asked, facing the person interviewed with the possibility of a referendum. But it suggests as possible responses a range of seven, none of which corresponds to the initial proposal of having a referendum: whether or not to accept the proposal or to submit a blank ballot/abstention.

If we combine the percentage of those who choose complete integration and that of those inclined toward continuation of the current situation (which the CIS poll could also assume), we would find 30 percent of those interviewed favorable to NATO, compared with 36 percent against (total withdrawal).

ECO/CAMBIO 16 Poll

Question: Felipe Gonzalez' proposal: that Spain should remain in NATO without joining its military structure and that the American military presence in Spain be reduced.

Possible responses: agree; disagree; do not know/no response.

This poll is very different from the previous ones. It only allows the person interviewed to say whether he agrees or disagrees with Gonzalez' proposal. Some 35 percent answer affirmatively and 46 percent oppose it (they disagree, but of the latter, although it could reasonably be concluded that their desire is total withdrawal from NATO, it is also possible that some might want full integration). In sum, with an apparently clear and direct question, the response obtained is more confusing and equivocal.

OTR/IS TIEMPO Poll

Question: Do you think Felipe Gonzalez' offer on NATO is right or wrong?

Possible responses: right; wrong; do not know/no response.

Of this poll, mentioned here because it represents another singular way of approaching the problem, we know very little, not even the percentages. Of the results, it is merely stated that public opinion on Gonzalez' offer concerning Gonzalez' offer is mainly negative. All doubts therefore remain concerning what those interviewed want.

Doubts Not Created by Polls

In other words, things are not clear. Even though the polls give such disparate results, however, their reading leads to some very interesting and homogeneous conclusions.

The CIS poll is the only one that offers a majority percentage in favor of continued membership in NATO. All the others, no matter what their form and despite differences observed in the questions, present higher percentages in favor of total abandonment.

Between 20 and 30 percent of the Spanish population is not informed about NATO and what it could mean for Spain in positive or negative terms. The puzzlement of the people is enormous and it would appear that such a situation is picked up by all the polls without exception.

Only in two polls (EL PAIS and EMOPUBLICA) does one find the option of whether or not to remain in NATO without any external considerations (military reduction of the United States' presence in Spain). Inasmuch as we are only interested in shedding light on the technical aspects of the surveys, so that the people might use them to decide upon their option with the greatest possible information, one must nevertheless point out that no poll has been carried out in a technically flawed manner or with the intent to manipulate (which, moreover, would be infantile). Rather, each one exposed the problem in a different manner, probably in as many ways as there is room in the debate. All combined assemble the various angles from which one can observe and make a decision based on a platform of data for discussion.

Only when the government puts before the nation an unequivocal and unconditional posture in the form of a referendum will the polls start to yield the same results. In the meantime, one will have to go along with Pirandello: That is how it will be, if that is how it appears to us.

(Gines Garrido is the director of the EL PAIS Department of Studies and president of the Spanish Association of Market and Opinion Studies, AEDEMO.)

Recent Polls on NATO

| | EL PAIS Apr 85 1,290=100% | CIS Apr 85 2,500=100% | EMOPUBLICA Mar 85 910=100% | ECO/CAMBIO Feb 85 1,307=100% | OTR/IS TIEMPO Dec 84 1,200=100% |
|--|---------------------------------|-----------------------------|----------------------------------|------------------------------------|--|
| Complete integration in NATO military structure-organization | (*) | 13 | 12 | (1) (*) | (2) (*) |
| Remain in NATO but not in military structure (current situation) | 19 | (*) | 18 | (*) | (*) |
| Remain in NATO (not in military structure) and reduce U.S. bases | (*) | 25 | (*) | 35 | < 50 |
| Total withdrawal from NATO | 54 | 31 | 36 | 46 | > 50 |
| Do not know/no response | 19 | 31 | 29 | 21 | ? |
| Would not vote in referendum on NATO | 8 | (*) | 5 | (*) | (*) |

* Response not provided in question

1 Expressed in terms of "agree/disagree" with Felipe Gonzalez' proposal

2 Expressed in terms of "accurate/inaccurate" regarding Gonzalez' proposal

11,464

CSO: 3548/131

3 July 1985

MILITARY

SPAIN

SPANIARDS EQUIVOCAL ON NATO, FAVOR EEC MEMBERSHIP

Madrid CAMBIO 16 in Spanish 13 May 85 pp 68-71

[Article by Ricardo Herren: "Looking at Europe With Love and Hate"]

[Excerpt] Which Europeans do the Spaniards detest the most? Which ones do they like the most? Do the Spanish people believe that the negotiations and Spain's entry into the EEC have something to do with the controversial issue of the country's continued membership in or its departure from NATO? These are some of the unanswered questions included in two polls which CAMBIO 16 asked ECO (Commercial and Opinion Surveys, Inc.) to conduct. The answers reveal that in the past month, the supporters of Spain's continued membership in NATO have a majority over their opponents.

In spite of everything, a large part of the Spanish people view Spain's entry into the "Club of the 12" with optimism. Only a small proportion (16 percent) believes that Spain will have a worse standard of living as a member of the EEC. On the contrary, nearly two-thirds of the country's citizens believe that they would live better (47 percent) once Spain's entry is a fact, or at least as well (18 percent).

This optimism over Spain's situation in the EEC appears very clearly, although the majority of those consulted in another poll believe that Spain's entry into the European Club of the 12 will have a clear influence on the decision to remain in or withdraw from NATO (35 percent) or at least will have some influence (17 percent).

The question does have its subtleties, one must admit. On the one hand, it promises a reduction in the American military presence in Spain, something long desired by the left in this country and which has the aspect of a neutralist and nationalist proposal at the same time. In addition, the first part alludes to continued membership in NATO, not its entry, which is correct, inasmuch as Spain is already in NATO, but without an integration in the military structure. In other words, the situation would be like the one already existing, without military contingents having to move out to defend Europe, without troops from other NATO nations being quartered in Spain and without the acceptance by this country of missiles with nuclear warheads on Spanish soil.

In October 1984, a majority of the Spanish people (43 percent) agreed to support this proposal, compared with 38 percent who said no. The date coincides with the state of the nation address by Felipe Gonzalez and his ability to persuade, at least with respect to those who have not made up their minds about NATO. The fact is that 2 months later, that 43 percent in favor suddenly dropped to 35 percent, making those in agreement with the presidential proposal a minority, compared with 46 percent not in favor. A month later, in January, the trend sharpened, with those opposed making up 47 percent and those supporting Gonzalez' proposal a low 32 percent. In February, that figure rose a little, only to return to a similar low mark in April. Those supporting Spain's continued membership in NATO outnumber opponents by 39 to 38 percent. Those who do not know or who do not respond rose from a scarce 20 percent to 24 percent. Only another 17 percent of those consulted believe that there is no relationship between Spain's membership in the EEC and future decisions on Spain's role in the North Atlantic Treaty Organization.

But will Spain's continued membership in NATO be decided by a referendum, as Gonzalez' government has promised, or not? Based on the government's commitment, the Spanish people are somewhat skeptical about it. Only 54 percent believe in the administration's promise, while 20 percent are indifferent or dubious and do not answer, and another 27 percent believe that the government will in the end deceive the citizens.

The majority of those citizens are quite willing to participate voluntarily in the referendum. Some 65 percent say they will go to vote for or against it, while another 14 percent say that they "probably will go to vote," which combined yields an optimum majority in a possible referendum: 79 percent. Those who hope the government's promises will be kept and that there will indeed be a referendum constitute a smaller proportion: 70 percent, which is still a very high proportion, all things considered.

What is truly surprising is the voting intentions and the enormous variations throughout the past 7 months. Using the question as it was formulated by the head of the government, Felipe Gonzalez -- which is not a resounding "Yes" to NATO -- five recent polls show substantial variations in public opinion. In Answer to the proposal that Spain should remain in NATO without belonging to its military structure and with a reduction in the American military presence in Spain, the majority opted for "Yes," as well as for "No" in different surveys conducted since October.

Decisive influence is apparently played here by the final successful outcome of negotiations for Spain's membership in the Common Market. At least as confirmed by the results of the polls already quoted, 52 percent of all Spaniards believe that Spain's entry into the EEC has "some" or total influence on the decision to stay in or withdraw from NATO.

The combination of polls seems to bear witness to a slow but inevitable process of "Europeanization" of the Spanish people, which, in one way or another, show that they are increasingly more involved in continental affairs. It is the beginning of a farewell to the old practice of "looking at one's belly button."

NATO and the Referendum

1. Do you believe that Spain's entry into the Common Market will influence the decision to remain in or withdraw from NATO?

| | <u>Percent</u> |
|---------------------------------|----------------|
| Will have nothing to do with it | 17 |
| Will have some effect | 17 |
| Yes, clearly | 35 |
| No opinion | 31 |

2. Do you believe there will be a referendum on NATO?

| | |
|------------|----|
| Yes | 54 |
| No | 27 |
| No opinion | 20 |

3. Do you want a referendum on NATO?

| | |
|-------------|----|
| Yes | 70 |
| No | 9 |
| Do not care | 16 |
| No opinion | 5 |

4. Would you vote in the referendum?

| | |
|---------------|----|
| Naturally | 65 |
| Probably yes | 14 |
| Probably no | 5 |
| Definitely no | 9 |
| Do not know | 7 |

How would you vote if the question were: "That Spain should remain in NATO without being integrated into its military structure and that the American military presence in Spain should be reduced"?

| (In percent) | <u>Oct 84</u> | <u>Dec 84</u> | <u>Jan 85</u> | <u>Feb 85</u> | <u>Apr 85</u> |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Agree | 43 | 35 | 32 | 35 | 39 |
| Disagree | 38 | 46 | 47 | 46 | 38 |
| Do not know/No response | 19 | 19 | 21 | 19 | 24 |

Common Market and the Spaniards

1. Do you believe that Spain's entry into the Common Market will help us Spaniards to live better, as well or worse in the future? (in percent)

| | |
|------------|----|
| Better | 47 |
| Same | 18 |
| Worse | 16 |
| No opinion | 19 |

2. In which of these categories would you place yourself?

| | |
|----------------------------|----|
| I feel only European | 3 |
| More European than Spanish | 2 |
| As Spanish as European | 25 |
| More Spanish than European | 27 |
| Only Spanish | 38 |
| No response | 4 |

3. For which Common Market country do you feel the most affection and the least affection?

| | <u>Most</u> | <u>Least</u> |
|-----------------------------|-------------|--------------|
| Federal Republic of Germany | 24 | 8 |
| Belgium | 4 | 1 |
| Denmark | 4 | 1 |
| France | 6 | 40 |
| Greece | 3 | 2 |
| Holland | 6 | 1 |
| Great Britain | 7 | 15 |
| Ireland | 1 | 1 |
| Italy | 20 | 2 |
| Luxembourg | 2 | 1 |
| All | 8 | 2 |
| None | 16 | 28 |
| No opinion | 1 | 1 |

Technical Data on Poll

Those included: persons over 18 years of age residing on the Peninsula and Balearic Islands. Sampling: 1,291 persons chosen in different phases and using quotas, with a margin of error of about 2.8 percent. Scheduling: from 15 to 17 April 1985. Conducted by: ECO, Commercial and Opinion Studies, Inc. (member of Aneimo), exclusively for CAMBIO 16.

11,464

CSO: 3548/131

MILITARY

SWEDEN

CARL BILDT COMMENTS ON DEFENSE COMMITTEE REPORT

Stockholm SVENSKA DAGBLADET in Swedish 17, 18 May 85

[Commentary by Conservative MP Carl Bildt]

[17 May 85 p 5]

[Text] Carl Bildt is a Conservative member of Riksdag from Stockholm and a member of the 1984 Defense Committee. This is the first of two articles.

There is considerable national value in the fact that the 1984 Defense Committee (FK '84) was able to agree on a realistic, clear and concise report on security policy. The national unity that existed and still exists with reference to the basis for our security and neutrality policies has been reaffirmed and supplemented by a joint view of the changes that have taken place in our part of the world in the past decade and the demands these changes place on our policy.

The work done by FK '84 proceeded--especially in the final phase--without being influenced by the hue and cry that took place outside its closed doors. I am happy to say that the Social Democratic members sought to create the unity we all considered valuable in a constructive way without being quarrelsome or too shortsighted. This will be carefully noted both outside and inside this country--perhaps even at the cabinet level.

Level-Headed Perspective

A security policy report from a parliamentary Defense Committee is an important document. It is important for what it says as well as for the changes it demonstrates in relation to viewpoints held in the past. Especially in the more long-range perspective but also in relation to the corresponding report issued in 1979 by the 1978 Defense Committee, FK '84's report contains tangible and significant adjustments in the way we regard the world around us.

Perhaps the most obvious change is the considerably more realistic and European- and Nordic-oriented point of view that has now been adopted in

marked contrast to the often sweeping excesses of the 1970's in particular. There is a level-headedness about this perspective that is certain to be noted.

This is also true of various aspects of these problems. There is a strictness in FK '84's writing about arms reduction policy, for example, that will undoubtedly lead to convulsions in the Theorin-dominated areas of the foreign policy administration.

Revised Picture

One significant--perhaps even decisive--change involves the view of central and northern Europe.

In the 1960's and 1970's conditions in central Europe were often regarded as unstable and risky while the situation in northern Europe was characterized by harmony, calm and stability. A little later--especially in the 1972 Defense Act--harmony and stability were said to prevail in both these areas.

That picture has now been revised considerably. FK '84 paints a picture of the situation in central Europe that shows stability--military as well as political--as the most prominent feature. It is in northern Europe and the North Atlantic region that FK '84 sees the strategic dynamic factor.

Changed Strategic Situation

The reasons for this are well-known. The Soviet Union's naval buildup since the 1960's and especially its emphasis on missile-carrying strategic submarines produced fundamental changes in the strategic situation in the North Atlantic region. The repercussions from this are the main reason for the strategic dynamics in northern Europe since the early and mid-1970's.

FK '84 stresses two major differences between the situation in central Europe and the situation in northern Europe. In the first place it pointed out that the former region involved "a definite front line between large standing ground combat units" while the situation in the latter can be described as "a more poorly-defined border area between primarily mobile naval and air forces characterized by a mixture of open sea, the territories of neutral states and areas of special importance for the strategic balance of nuclear weapons."

In the second place it points with respect to northern Europe to "the changes in the military dispositions of the alliances that took place in the last few decades compared to the somewhat less fluid situation in central Europe."

These changes in the military situation in northern Europe consist mainly of the fact that "the ability to quickly acquire reinforcements of various types has increased substantially in the last decade."

Gradual Increase

But FK '84 did not restrict its remarks to the things that have already happened and that were responsible for its conclusions. It also pointed out that the tendency toward a gradual increase in the strategic importance of northern Europe and the North Atlantic area is "unequivocal and seems likely to continue for the foreseeable future."

This is based on the statement that "in the 1990's...the relative importance of strategic submarines can be expected to increase further. This underlines the strategic importance of the Kola complex--and thus the North Atlantic area--in the future perspective as well."

While FK '84 regards it as less likely that a conflict would break out as a result of a massive attack in central Europe, it does not rule out the possibility that preliminary belligerent actions in Europe could take place in the Nordic region.

Strong Air Defense

In a confrontation between the power blocs it is conceivable that "either side might use military operations in a limited part of the European area to force the other to make political concessions or to try and secure strategic positions prior to a feared expansion of the conflict. Such a development could also affect our area. However such operations seem less likely in central Europe."

It is very significant that FK '84 talks throughout of "northern Europe and the North Atlantic area" and that it stresses the point that the great powers are increasingly regarding these areas as "connected in the context of military strategy and operations." That is a partially new way of looking at strategic developments in the Nordic region.

It is natural that the development of air combat forces was of great importance for these and other strategic conclusions. With a forcefulness that was lacking in previous documents of this kind the report stressed the importance defending our air space has in various situations and thus the essential quality of a strong air defense of various parts of the country.

Against this background it is also less meaningful than it used to be to divide Sweden's strategic importance up by provinces or larger areas of the country. The report stresses the interest of the great powers in being able to utilize Sweden's air space for overflights, etc. in various situations--that would not necessarily involve Sweden directly.

Obvious Starting Point

It is obvious that the submarine violations are an important part of the security policy development that has taken place since the last Defense Committee issued its report. The various conclusions reached by the Submarine

Defense Commission and the evaluations and basic data provided by the Defense Ministry and the defense staff in particular formed a natural and obvious starting point for the conclusions reached by FK '84 concerning the pattern of these violations and the motives behind them.

It is important and central that the Defense Committee now supports the earlier analysis of how the submarine violations directed against Sweden have gradually been escalated, even though it is hard to give exact dates when each individual step in this development occurred:

"In an early stage...single large submarines were sporadically observed in Swedish territorial waters. Later on more provocative actions could be observed in which several submarines were involved simultaneously and in coordination with each other in deeper and deeper penetrations of inner Swedish waters. These activities also show a tendency to be spread over a larger part of the year and to be aimed at military bases, harbors and restricted areas. The presence of minisubs was brought out in connection with the investigation of the Harsfjarden incident."

This portion of FK '84's report, based primarily on the Submarine Defense Commission's report, covers developments up to and including 1982.

Clear Conclusion

But FK '84 added that "a number of observations and indications which OB [Supreme Commander of the Armed Forces] relayed to the government led to the conclusion that similar submarine activities have occurred in the years after 1982, especially in the Stockholm and Blekinge archipelagoes but also in other areas on Sweden's Baltic coast."

This vital conclusion could hardly be worded more clearly. And although readers are reminded that the nationality of intruding submarines could not be determined in any case after 1982 there is reason to point out that FK '84 said that the established violations after 1982 were "similar" to the violations before that time which the Submarine Defense Commission had reached conclusions about, including their probable nationality.

There has been a lot of debate concerning the motives behind these violations--and that was true as far as the Defense Committee was concerned too.

The conclusion was that experiences since the commission wrote its report have given no reason for changing our minds about the commission's conclusions on the subject of motive. This was based in part on further knowledge of an operative and technical nature that was acquired in 1983 and 1984.

Preparations for War

Even so, FK '84 chose to formulate its conclusions about the motives for the submarine violations more clearly than the Submarine Defense Commission did:

"The motives, which are hard to determine, can probably be described mainly as different forms of preparation for potential crises or wars."

It was no more than a few years ago that the very idea that submarine intrusions could have anything to do with "preparations for war" in one form or another led to strong reactions. Today that was the conclusion reached by the parliamentary Defense Committee--with the obvious reservation that such a war is not inevitable.

New Demands

The serious submarine violations in the last few years are part of the reason why FK '84 found it necessary to discuss "the military threat in peacetime" in a separate section. This deals with dangers and conditions that have not been noted previously in official documents of this kind.

The very wording involves a clear broadening of the spectrum of various threats and pressures that our overall security policy must be able to deal with. That "the line between war and peace in the world around us can be a shifting one" is a natural conclusion based on the reality demonstrated by the submarine violations in particular, but it also means that there are new demands on our foreign and defense policies in situations of heightened tension.

More Exposed Situation

Of central importance, especially with reference to the 1987 Defense Act, are the conclusions FK '84 reached on the basis of its extensive and balanced analysis of security policy with respect to "changes in the threat pattern" in relation to the 1982 Defense Act, among other things. These are summed up in three sentences that were thoroughly discussed and carefully considered by the committee. They are at the heart of the security policy evaluations that were made:

"The increased strategic importance of northern Europe and the North Atlantic area, the antagonism between the big power blocs and the development of military technology have all led to Sweden's situation becoming more exposed in connection with crises and armed conflicts in our vicinity. This development has also led to increased pressures in peacetime, especially in the form of underwater intrusions. These tendencies were mentioned in the 1982 Defense Act but have been more clearly expressed in subsequent developments."

No Alarmism

There is no alarmism in these statements but there is a gravity, an emphasis and an openness that clearly show that Sweden has noted the changes that have occurred and are occurring around us and sometimes even occur on our side of the border.

I will return to the specific consequences of these changes in the "threat picture" that our security policy must address in another article.

[18 May 85 p 3]

[Text] The 1984 Defense Committee's report showed broad agreement on the major features that should be part of Sweden's security policy up to the mid-1990's.

Foreign and defense policies were cited as the central dimensions of security policy. No distinction was made between them in order of importance but it was noted that a prerequisite for our neutrality policy in particular is the confidence the rest of the world feels in both our foreign policy and our defense policy.

It is the combined strength of these central dimensions of our security policy that backs up our determination to maintain our freedom from alliances and our neutrality in all situations and to defend our freedom and independence to the utmost in the event of war.

Wrong Ideas

Swedish security policy over the last decade has been pursued in the shadow of the 1972 Social Democratic Defense Act. That was when the important decisions were made that led to the deterioration in the number of qualified combat forces in the Swedish armed forces by between a third and a half which occurred after that time.

The assumptions concerning the policy of detente and its solidity that lay behind the 1972 outlook on our defense policy in particular were essentially abandoned by the 1978 Defense Committee which did some of its work at the time of the invasion of Afghanistan.

With the FK '84 report one can say that even the purely strategic and military assumptions behind the 1972 de-escalation decision have been abandoned. With the final results of a decade in hand it is easy to determine that the policy was shaped on the basis of wrong ideas about future reality. And we are still living with the consequences.

Important Phrases

FK '84 wrote that "total defense should primarily keep the peace by having a strength, composition and level of preparedness that would inflict such losses and other damage on an assailant in connection with an attempt to utilize our country that the advantages would be unlikely to outweigh them." That kind of defense system is "a prerequisite for having Swedish neutrality respected if there is a war in our immediate vicinity."

These phrases are important. They clearly indicate that it is a defense system that meets these demands--not just any kind of defense system--that

is regarded as the prerequisite for the success of our neutrality policy in a critical situation.

In assessing the strength, composition and level of preparedness that our defense system must have to handle this assignment, two factors have to be evaluated.

Increased Value

The first is the advantages an attacker could gain through using Swedish territory. And the other is the losses and other sacrifices our total defense system can impose on that attacker if the attempt is made. In its report FK '84 indicated how both these factors have changed during the past decade.

It is quite indisputable that the value of being able to make use of Swedish territory has increased in the course of the last decade. The committee wrote that "the value of being able to utilize Swedish areas in relation to the danger that doing so for our opponent has been reinforced by the developments in military technology, especially with regard to the increased range of the great powers' tactical airplanes." FK '84's important conclusion that "Sweden's situation has become more exposed in connection with crises and armed conflicts in our part of the world" is an expression of the same basic assessment.

Thus the value of utilizing Swedish territory--one of the factors in the scale on which we must weigh the strength of our total defense system's peace-keeping capability--has increased.

Declining Strength

With regard to the Swedish defense system's capability FK '84 pointed out that it is its strength "as perceived by the rest of the world" that determines whether it will deter someone planning a belligerent action in the Nordic area from initiating operations passing through Swedish areas. It is obvious that other countries base their opinion on careful evaluations resulting from extensive study.

But our own evaluation is not without importance. And when FK '84 officially notes that "the number of qualified units in the Swedish armed forces has declined in recent decades," it is an important step in the direction of increased self-awareness which has been taken by a politically responsible group.

To go from there to asserting that Swedish defense has been weakened to the point where it can no longer fulfill any of its basic tasks would be wrong and unjust but it is still a matter of great concern that the weight our defense system has been able to place on the scale to balance the increased weight on the other side of the scale has declined. If we had had a correct defense policy aimed at maintaining the overall strength of our neutrality efforts, it should have increased.

Stronger Defense Vital

In carefully-considered language FK '84 painted a picture of Soviet and NATO combat forces in northern Europe and the North Atlantic region. They have not declined. Instead, "the ability of both sides to quickly bring in reinforcements of various kinds has increased substantially in the last decade."

Even after these reinforcements have been brought in the Soviet Union's ground combat forces would be clearly superior numerically to the NATO ground forces in the area. But NATO's ability to bring in a large number of aircraft provides a possibility of achieving a more even situation in this area.

The simple but logically inescapable conclusion is that if Sweden's total defense is to have the kind of peace-keeping effect that FK '84 described and recommended, it must be made stronger. In a situation where other countries have greater possibilities of quickly bringing forces into northern Europe and where they have a greater interest in making use of Swedish territory, a continued weakening of the defense system would be risky from a national and neutrality policy point of view.

Composition of Defense Forces

But increasing the strength of the defense system is not just or even primarily a question of providing greater resources. The composition and preparedness level of the defense forces is also involved. FK '84 will take up these questions in the coming year but it should be possible to arrive at some conclusions now on the basis of the security policy report.

One conclusion is that the importance of air defense is increasing. One of the main reasons for that is the increased range of the tactical airplanes used by the great powers. While Soviet planes stationed in the Baltic countries would have had a hard time reaching vital NATO targets by passing through Swedish air space a decade ago, today Sukhoi-24 planes located there could fly over Sweden to reach vital targets in Norway, for example. There have been similar technological developments in NATO too, of course, although the changes there have been less dramatic.

But there are other factors as well that have contributed to this development. Cruise missiles are undoubtedly one of them, especially if it proves profitable for the United States and the Soviet Union to develop conventional missiles as well. The increased opportunities for leading air operations at great distances from airplanes--NATO's AWACS planes and the Soviet Mainstay planes--are also part of this picture.

Controlling Air Space

That is why FK '84 has put such great emphasis on air operational aspects of the security policy situation in northern Europe. When it comes to the

importance of the southern Scandinavian region its words imply some downgrading of the often mentioned possibility of a Soviet attack aimed at utilizing the Baltic base resources, while the area's importance for air operations is correspondingly upgraded.

Even when discussing northern Scandinavia, which must continue to be regarded as vital, the emphasis is on air operations, especially the close connection with the possibilities of controlling the air space over the North Atlantic.

The Swedish fighter fleet, which included 23 divisions in 1972, will be down to 11 this summer. Of these, three--stationed in southern Sweden and equipped with Draken planes--are threatened by the trend toward economizing on defense. None of the eight air defense missile divisions that were in existence in 1972 has survived. The air defense missile battalions that come under the army do not have the full capacity that the system should allow.

FK '84 must deal with these serious questions in the next stage of its work.

Developments in the Baltic Sea have been given considerable attention in recent years and this is also reflected in FK '84's report. The submarine violations are seen as "preparations for various potential crises and wars" directed against "military bases, harbors and restricted areas." The report underlined the importance of drawing boundaries, including a clear statement that Sweden is striving for a solution "in accordance with the rules of international law," i.e. the midline principle.

FK '84 stressed that the Baltic Sea is a very important defense area for the Soviet Union. Against this background the situation in the area could change very rapidly. "In a generally tense situation the situation in and around the Baltic Sea could also be affected quickly and directly."

Improved Submarine Defense

Against this background our defense in various situations should be capable of asserting and protecting Sweden's interests in the Baltic area. This requires combat forces and units of considerable versatility since the task of strongly asserting Sweden's interests during crises and escalating conflicts is of great importance.

The importance of submarine defense was clearly emphasized by FK '84. "It is very important that we continue to improve our ability to deal with submarine violations." This should be seen against the background of FK '84's assertion that inability to deal with violations can lead to Sweden's "being gradually drawn into a war."

Important Emphasis

It is not just our defense system's strength and composition but also its level of preparedness that are of importance to the peace-keeping capability

of the armed forces in our more exposed situation. On this point too the FK '84 report emphasized important items.

The risk of a surprise attack was established in the 1982 Defense Act but now the threat from special sabotage units that might try to knock out important functions of our total defense has been added to this picture.

Although, as FK '84 wrote, the line between war and peace may become more fluid in our vicinity, "some form of political warning will be given prior to a development that could lead to an armed attack." At the same time it noted "the great difficulties of correctly interpreting the intentions and measures of other countries during a protracted crisis. This is especially true in the stage of high political tension between the power blocs and frequent variations in military preparedness."

Gradual Adjustments

It is against this background that one must read FK '84's statement that "it is essential that our preparations can be quickly and flexibly adjusted to current situations by means of balanced and coordinated steps in the entire total defense system." This is not primarily a question of initiating a rapid general mobilization to meet a sudden and quite clear threat of an assault on Sweden--this kind of situation seems less likely--but of gradual adjustments of our military forces in order to be able to meet and balance various security policy developments and crises in our immediate vicinity.

The defense system's role in keeping the peace and maintaining stability in a situation marked by tension and crisis, with both power blocs able to quickly bring in reinforcements to northern Europe, demands a flexible system of preparedness.

Stop Bickering

FK '84's security policy report is an important document for Sweden's future security and defense policies. It builds bridges and displays a unanimous view of how our security policy situation has changed since the 1982 Defense Act was passed.

As a Conservative I have strong reasons to feel very satisfied with the wording of the report in all important respects. I see no reason why judicious representatives of other parties should not feel the same way. A few childish outbursts from Social Democrats should not disturb the picture of the unanimity we were able to achieve.

We should stop bickering--and that applies to those at the top as well as to the rank and file.

6578

CSO: 3650/253

MILITARY

SWEDEN

PAPER EXAMINES CONSENSUS BEHIND DEFENSE COMMITTEE REPORT

Stockholm SVENSKA DAGBLADET in Swedish 17 May 85 p 2

[Editorial: "United They Stand"]

[Text] The Defense Committee's report on security policy has been preceded by widespread speculation. The nonsocialist parties' declaration of no confidence in Lennart Bodstrom led Olof Palme to burn all his bridges on security policy. And in the ensuing foreign policy debate in parliament the prime minister repeated his attack on the Conservatives.

Many observers concluded from these events that the Social Democrats and the Conservatives on the Defense Committee would be unable to agree.

Paradoxically, these differences seem to have promoted rather than hindered agreement on the committee.

The questions raised by Bodstrom's statements at a lunch with reporters did not give Social Democratic members of the committee much leeway when it came to the central statements on submarine violations. The Social Democrats could not afford to distance themselves from the statements of the Submarine Defense Commission; if they had the uncertainty created by Bodstrom would have been given new life.

Reactions in the Social Democratic press after the prime minister's attack on the Conservatives in the foreign policy debate also showed that internal party opinion did not primarily want a conflict over security policy.

Both the Bodstrom affair and the foreign policy debate have consumed political conflict space as far as the Social Democrats are concerned.

But that does not mean that the agreement on the Defense Committee concerning security policy should be primarily explained in terms of tactics. The conflict that accompanied the committee's work on the security policy report did show that it was not more affairs that people wanted but a serious and objective discussion.

And that is what the committee accomplished.

Its report is refreshingly free from political cliches and meaningless standard phrases. The changes in our region are described in a balanced and concise way.

The buildup of military forces in northern Europe and the North Atlantic is described. The conclusion the committee draws is that the strategic importance of the region has increased, making Sweden's position more exposed. This is not a new development; the 1982 Defense Act referred to these tendencies. But what was "mentioned" then, in the words of the present report, is a major factor in the analysis today.

The unanimous and self-evident conclusion the committee draws is that the changed conditions in the world around us further underline the need for firmness and consistency in our neutrality policy.

In this report the Defense Committee does not spell out the purely defense policy consequences. This will be done in the committee's main report which will be submitted next year. But it is still reasonable that the security policy analysis just completed will play a large role in future discussions.

Although the committee, to quote Social Democratic member Sture Ericson, is not alarmist, it is describing a deterioration in the situation in our part of the world. The region is directly affected to the greatest extent by the strategic moves between the big power blocs. And Sweden's own situation is more exposed than it used to be. Submarine violations are continuing to occur. And it is all too easy to predict today the interest there will be in Swedish air space in the event of a conflict.

In view of this background description it would be hard for the committee to conclude a year from now that Swedish defense should be weakened further, especially since the committee has a clear view of reality. That is shown by the following laconic statement toward the end of the report:

"It can be established that the number of qualified units in the Swedish defense system declined during the last few decades."

That is true. But it would be preferable if this trend does not continue in the future.

6578

CSO: 3650/253

3 July 1985

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

DOUBTFUL UTILITY OF LAENDER PARTNERSHIPS WITH PRC PROVINCES

Duesseldorf WIRTSCHAFTSWOCHEN in German 17 May 85 pp 34-39

[Unattributed article: "Marching Into the Provinces"]

[Text] The German Laender are not just relying on Bonn's export promotion program but are themselves showing the flag in China. But it is doubtful whether the big effort really is worth the trouble.

When Chinese Minister President Zhao Ziyang visits Bonn in early June, he may expect to see happy faces among the German officials he meets with. There are no political problems, and business is booming. 66 year-old Zhao can therefore take some time out during his 8-day state visit to go to some of the Laender. Chinese visitors are particularly welcome there ever since the Land minister presidents started promoting exports to the PRC on their own. By now, there is a whole network of economic relationships between the two countries at the provincial level.

It was Lothar Spaeth who pioneered the German-Chinese provincial partnerships. In 1979, the minister president of Baden-Wuerttemberg established contact with Liaoning province in northeastern China and this led to an official economic cooperation agreement in 1982. In 1981, Spaeth set up a German industrial fair in the provincial capital of Shenyang and this will be followed by Baden Wurttemberg "Technology Weeks" in early July of this year. Spaeth's efforts have paid off handsomely. Since his first visit to China 6 years ago, Baden-Wurttemberg's exports to the PRC have more than tripled.

It took his counterparts in the other Laender some time to catch on to the success of this example of "spaeth-capitalist" export promotion policy, as Hesse's Minister for Economics Ulrich Steger has called it. But then, last year, Lower Saxony, North Rhine-Westphalia and Rhineland-Palatinate followed suit and this spring, Hesse, Bremen and Bavaria concluded similar agreements. In their haste, two of the Laender entered into a partnership with the same Chinese province, e.g. Lower Saxony and Rhineland-Palatinate with Anhui province in eastern China.

At times, the minister presidents seemed to be going through a revolving door in Beijing, which led FRANKFURTER ALLGEMEINE ZEITUNG to speak of certain "signs of fatigue" in the PRC. Nonetheless, Schleswig-Holstein did manage to conclude an agreement with Zhejiang province south of Shanghai this year, whereas smallish Rhineland-Palatinate is trying to become better known among the 55 million inhabitants of Hunan province, which is where Mao Zedong was born. Hesse, which is looking for a second partner, has also made overtures to Hunan province although Minister President Holger Boerner just got back from signing a treaty with Jiangsi province in southern China last April.

The only two Laender which have stayed out of the race are Berlin and Hamburg. In principle, Berlin was not averse to the idea, but is waiting for things to build a little first whereas Hamburg does not wish to deal with China on the provincial level. The reason being that Hamburg feels that it is more or less responsible for the entire China trade because of its role as a major port and the seat of the new Chinese trade center for all of Europe.

The foreign ministry in Bonn has let it be known confidentially that most of the German-Chinese partnerships were "very much due to chance." Spokesmen for the foreign affairs department of the Hanover-Hildesheim Chamber of Industry and Commerce cannot really say either why Rhineland-Palatinate and Lower Saxony are both dealing with Anhui province while Sichuan, China's most populous province and the home of Deng Xiaoping, has as yet not been contacted at all.

As a rule, the agreements with the Chinese provincial governments are phrased in very general terms which are designed to assist medium-sized companies. As a result of the economic reforms introduced in China in 1978, the responsibilities of the 21 provinces, 5 autonomous regions and the three cities directly subordinate to the central government have been appreciably strengthened. Recently, the Duesseldorf Chamber of Industry and Commerce was pleased to inform its members that the Jiangsu provincial government now is in a position to place orders up to \$5 million without need of referring them to the central authorities.

The highly respected Institute for Asian Affairs in Hamburg believes that in view of these changes the Laender efforts are "a good thing in principle." Erhard Louven, the institute's expert for Chinese economic development, warns of euphoria, however. Despite the political "door opening function," he says, access to the market is "very, very hard" for medium-sized companies although the Chinese development strategy which aims at the modernization of components should actually offer real opportunities for small producers.

To be sure, the institute has found that there is "little real knowledge and a great many misconceptions" regarding the Chinese market among German businessmen and politicians. The costs involved in gaining access to the market are almost always underestimated and the export opportunities are overestimated. German exports to the PRC rose by 8.1 percent last year to just under DM 3 billion. The share of this trade of East Asian trade overall, however, declined from 12.5 to 11.4 percent because of larger gains in trade with other nations of the area.

The experts are above all skeptical of projects which implicitly aim at a quick rise in Chinese imports. This applies for example to the initiative by aggressive Birgit Breuel, Lower Saxony's minister for economics, who means to get a headstart on the other Laender by opening her own Land trade center in Beijing first. The plan is to spend DM 200,000 per year on the trade office which is to start operations on 1 July. Breuel intends to foot the bill for just 3 years, however; after that, the cost of running the operation is to be shared by Lower Saxon industry and a Hongkong partner in the venture.

Ingo Greve of the East Asia Association in Hamburg is afraid that the Breuel trade center will end up "replacing private initiative with government risk guarantees." In looking at activities of this sort, one must also ask oneself whether "the so-called assistance program for medium-sized business is not really destroying the backbone of the China trade, i.e. the companies which have traditionally engaged in that trade for many years." Whether this trade center will make it easier to gain access to the market will depend on the center's local management. Even the most agile FRG Land trade center cannot replace local business connections which took decades to establish, Greve feels.

Any marketing strategy oriented toward continued regionalization of the Chinese market may turn out to be a deadend street. Since 1949, there have been abrupt shifts in emphasis time and again, alternating between extreme centralization and far-reaching decentralization. A number of China experts expect the re-introduction of stiffer controls on the import budgets at lower levels of authority to take place in the very near future. This would be in line with a Chinese proverb Louven is fond of quoting: "centralism results in asphyxiation; asphyxiation leads to protest; protest results in decentralization and decentralization in chaos; but chaos leads back toward centralization."

Louven does not look for a new turnaround in the PRC in the short run; but he does consider a return to authority at the center very likely in the medium term. The "newly gained" freedom of the provinces, larger cities and businesses is being "extensively exploited" at present. About 16,000 so-called "pocketbook firms" have already been established by influential party members. These are bogus companies which acquire desir-

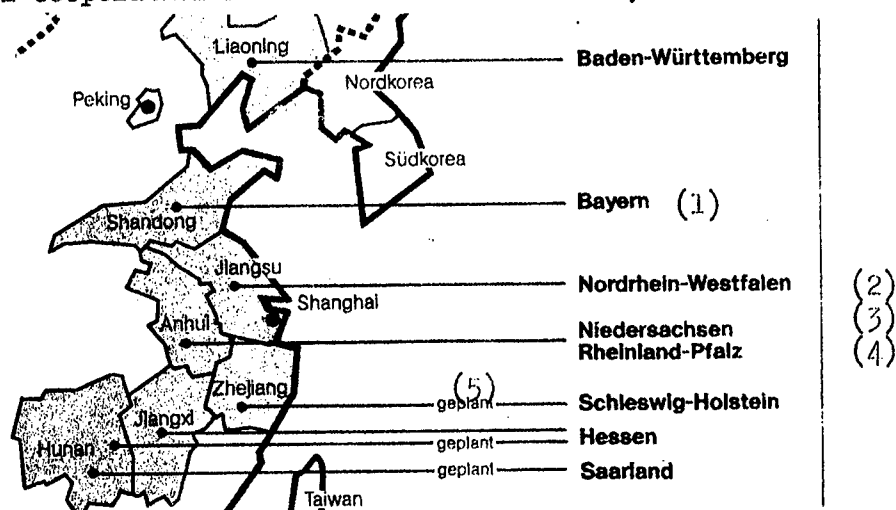
able imported and/or luxury goods and sell them at great profit. And, as far as the partnerships with the Laender are concerned, Beijing is not always just interested in "promoting friendship among peoples," as the official cooperation agreements would have it. These partnerships not only provide a welcome opportunity for trips abroad but also to acquire know-how at no cost. Quite a few German institutions came to the painful realization that the "Chinese like to come to us for training and then take the blueprints along without ever placing any orders."

According to the German Economic Research Institute, many German business firms have "made a great many advance concessions for years" in order to gain a foothold on the Chinese market. In the long run, this may pay off. "But it would be a good idea," Louven says, "soberly to factor these costs into the venture from the very start."

The Laender export promoters should also take the present confusion of responsibilities in China into consideration, if they mean to avoid unpleasantness. According to Lord Mayor Hans Koschnig, for example, Bremen's agreement with Dalian in China calls for modernization of the port facilities among other things. Hopefully, Koschnig took a look at the German edition of the BEIJING REVIEW prior to his visit last April because a story in that weekly quoted his counterpart Wei Fuhai as saying that the port facilities of Bremen's partnership city are subject "to government and not to municipal planning."

Unequal Partners

Official Cooperation Pacts Between FRG Laender, Chinese Provinces



Key:

- | | |
|---------------------------|-------------------------|
| 1. Bavaria | 3. Lower Saxony |
| 2. North Rhine-Westphalia | 4. Rhineland-Palatinate |
| 5. Planned | |

| (1) | (2) | (3) | (4) | (5) | (6) |
|----------|--------------------------|---|------------|---|--|
| Provinz | Einwohner (Millionen) | Bevölkerungs- dichte (Einwohner pro Quadrat- kilometer) | Hauptstadt | Bodenschätze | Industrie |
| Anhui | 50 | 360 | Hefei | Steinkohle, Edel- und Seltene Metalle (7) | Stahl, Maschi- nenbau (14) |
| Hunan | 55 | 260 | Changsha | Holz, Diamanten, Seltene Metalle (8) | Stahl, Holzver- arbeitung (15) |
| Jiangsu | 61 | 600 | Nanjing | Kohle, Phosphor, Kaolin (9) | Maschinenbau, Chemie, Textil (16) |
| Jiangxi | 35 | 210 | Nanchang | Wolfram, Bunt- metalle, Salz (10) | Maschinenbau, Düngemittel, Textil (17) |
| Liaoning | 37 | 250 | Shenyang | Eisenerz, Uran, Steinkohle (11) | Stahl, Chemie, Maschinen- und Fahrzeugbau (18) |
| Shandong | 75 | 500 | Jinan | Erdöl, Gold, Steinkohle (12) | Petrochemie, Stahl, Textil (19) |
| Zhejiang | 40 | 400 | Hangzhou | Eisen, Alaun, Fluor (13) | Elektronik, Papier (20) |

Wirtschafts-
Wachstum

Key:

1. Province
2. Population (in millions)
3. Population density (per square kilometer)
4. Capital
5. Natural resources
6. Industries
7. Hard coal, precious and rare metals
8. Wood, diamonds, rare metals
9. Coal, phosphorus, kaolin
10. Tungsten, nonferrous metals, salt
11. Iron ore, uranium, hard coal
12. Petroleum, gold, hard coal
13. Iron, alum, fluorite
14. Steel, machinery
15. Steel, wood processing
16. Machinery, chemicals, textiles
17. Machinery, fertilizers, textiles
18. Steel, chemicals, machinery, automotive
19. Petrochemicals, steel, textiles
20. Electronics, paper

9478

CSO: 3620/368

3 July 1985

ECONOMIC

GREECE

FOREIGN PARTNERS WITHDRAW FROM ETEVA

Athens I KATHIMERINI in Greek 8 Jun 85 p 13

[Text] Information that foreign banks which owned ETEVA shares are withdrawing from the ETEVA [National Investment Bank For Industrial Development] was confirmed. In a pertinent announcement by the National Bank yesterday, it is mentioned that "on 25 May 1985 the foreign shareholders initiated the procedure of buying back their shares from the National bank which, as is known, holds the majority of ETEVA shares. They informed the bank of their intention on 3 June 1985."

The following things are also said in the announcement:

"In 1984, with the active participation of the National Bank, the change in the old agreement between it and the foreign shareholders of the ETEVA was completed and the sale of shares belonging to foreigners to the main shareholder, the National Bank, was made compulsory in the event that the latter requested it. At the same time, for reasons of fair treatment, it was agreed that the main shareholder would buy the shares of the foreign shareholders at their request.

"This change in the shares agreement was necessitated by the National Bank's decision to use the ETEVA actively in order to make new investments which the National Bank itself will promote.

"This opportunity should be taken to note that the participation of foreign shareholders in the development of the ETEVA was particularly significant in the first years after its foundation. At the time, benefitting from the foreign banks' experience and facilitating the new bank's introduction to foreign capital markets were decisive factors for a quick and successful development of the ETEVA. After the ETEVA developed, those factors lost a significant part of their value.

"At the same time, due to broader economic consideration and particularly after the oil crises, investments abroad of the countries to which the ETEVA's foreign shareholders belong were significantly curtailed.

"Consequently, the participation of the shareholding foreign banks in the main activities of the ETEVA was minimal, at least in recent years.

"Finally, it should be mentioned that from the standpoint of the foreign banks as well, their initial interest in participating in the share capital of the ETEVA, with the aim of ensuring their presence and contacts with the Greek banking market, has become significantly limited, since today most of them have their own branches in our country."

12278

CSO: 3521/270

ECONOMIC

SPAIN

MAJOR ECONOMIC INDICATORS DETERIORATE IN EARLY 1985

January Statistics

Madrid COMERCIO INDUSTRIA in Spanish Mar 85 p 4

[Text] During January, the Consumer Price Index (CPI) registered an increase of 1.8 percent over December, and the interannual variation rate stood at 9.3 percent, according to provisional data from INE [National Statistics Institute].

Although the month of January usually brings considerable price hikes, on this occasion the rate for the two previous years was exceeded (1.5 percent in 1984 and 1.7 percent in 1983), the food component being the leading cause of the sharp increase. The adverse weather conditions brought about considerable rises in prices for garden produce and fresh fruit and, therefore, the food index rose 3.1 percent, with its interannual variation remaining at 10.3 percent.

Insofar as the non-food components are concerned, the general downward tendency has continued, with the interannual variation standing at 8.7 percent. Nevertheless, the housing (2.1 percent), medical services (2.0 percent) and transportation (1.0 percent) groups registered rather sizable monthly increments.

The evolution of the CPI during January ultimately proved to be very unfavorable and, although this is no reason to scrap the forecasts on price increases by the year's end (7.0 percent as an interannual rate in December), there is no doubt that the goal appears rather jeopardized, and even more so if the strong appreciation shown by the dollar at the beginning of the year continues.

Unemployment

The data from the Active Population Survey (EPA) for the final quarter of 1984 numbered the employed population at 10,358,900 persons; hence, employment had declined by over 417,000 individuals from the same period the previous year. Moreover, and as a result of the aforementioned destruction of jobs, according to the EPA, unemployment affected 2,869,200 persons during the fourth quarter, representing approximately 21.7 percent of the active population. The latter is estimated at 13,228,200 persons, showing an increase of only 18,100 persons with respect to the fourth quarter of 1983.

Furthermore, the data on recorded unemployment provided by INEM [National Employment Institute] put the unemployment at the end of January at 2,625,600 persons, with an increase of 21,459 unemployed compared with December.

The information supplied by INEM partially excludes those over age 55, who seem to be included again during subsequent months. The absolute increment in unemployment registered in January, adding those over age 55, would be close to 27,500 individuals.

Foreign Trade

The progress of foreign trade during 1984 exceeded all expectations and, although we should not detract merit from the enormous exporting efforts expended by our business firms, it seems obvious that the restarting of world trade, the devaluation of the rate of exchange for the peseta with respect to the dollar and the slack domestic demand contributed decisively to the reduction in the trade deficit last year, based on provisional figures from the General Directorate of Customs, of 37 percent in pesetas and 44.8 percent in dollars, thanks to the great dynamism in exports and the relative stagnation in imports.

As for the month of January, the data prepared by the General Directorate of Customs are not yet known but, nevertheless, the cashbook prepared by the Bank of Spain shows a continuation of the favorable trend in the external sector, with an increase of \$492 million over December in the foreign exchange reserves.

Current Industrial Situation

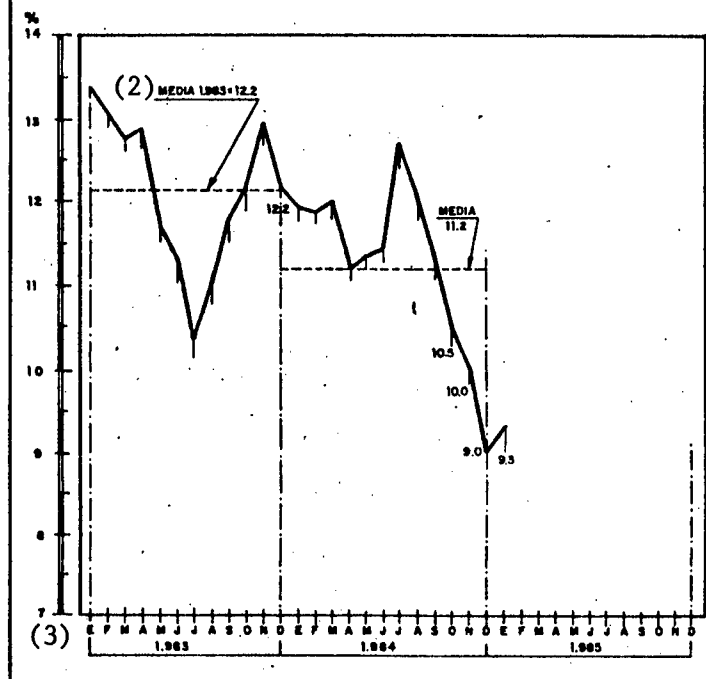
According to the cyclical survey made by the Ministry of Industry and Energy, last December the level of the backlog of industrial orders dropped 5 points from the previous month, remaining at -43; and insofar as the trend or forecasts over the short term for that backlog are concerned, a sizable increase in orders and a slight replacement of stocks are expected.

For 1984 as a whole, the average balances of the main variables analyzed show, as prominent features, an increase in the backlog of orders, a reduction in stocks and a production rate quite similar to that of 1983.

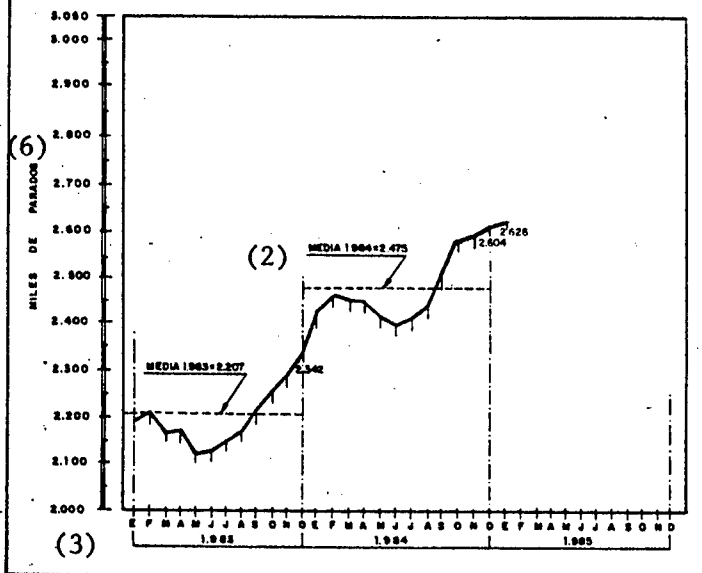
In addition, returning to the December results, it should be noted that the production rate declined 20 points from the previous month, and the trend indicator improved 13 points, standing at +6.

As for construction, the contracting level rose 49 points, and production also improved considerably; while over the short term increases in bidding and in the rate of activity are anticipated.

(1) INDICE DE PRECIOS AL CONSUMO:
PORCENTAJES DE VARIACION INTERANUAL

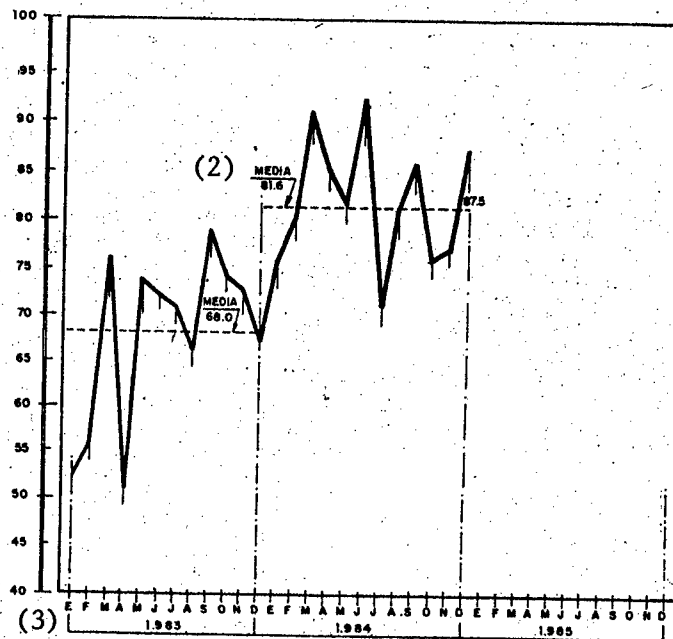


(4) PARO REGISTRADO
EVOLUCION MENSUAL DEL NUMERO DE DESEMPLEADOS
(5) (En miles)



3 July 1985

(7) COMERCIO EXTERIOR: EVOLUCION MENSUAL
DE LA TASA DE COBERTURA



Key to Graphs:

1. Consumer Price Index: Percentage of Interannual Variation
2. Average
3. Three sets of abbreviations for 12 months of 1983, 1984, 1985
4. Unemployment Recorded, Monthly Evolution of Number of Unemployed
5. In thousands
6. Thousands of unemployed
7. Foreign Trade: Monthly Evolution of the Rate of Coverage

February Statistics

Madrid COMERCIO INDUSTRIA in Spanish Apr 85 p 4

[Text] The evolution of the Consumer Price Index during the first 2 months of the year was highly unfavorable. The new outbreak of inflation tension considerably weakened confidence in the effectiveness of price controls; and to preclude a revival of the dreaded spiral, it is important that the CPI variations during the coming months return to a moderate pace. Most of the factors causing the price variations warrant the expectation that their increases at the year's end may remain at a level quite similar to that of 1984; but the psychological effects of the new eruption which occurred during the first 2 months could prove very negative.

During February, the monthly increment in the CPI was 0.7 percent, and hence the cumulative variation with respect to December rose to 2.5 percent, and the interannual rate stood at 9.7 percent. In the aforementioned month of February, the food component in the index rose moderately (0.2 percent), and the groups with the largest increments were those of other expenses (1.9 percent), medical services (1.5 percent) and housing (1.1 percent).

Unemployment

According to the data on unemployment occurring prepared by INEM, which included those over age 55 again, the evolution of unemployment was also negative during the first 2 months.

In February, the unemployment recorded rose by 43,347 persons over January, reaching a total of 2,669,000 unemployed, which represented 20.2 percent of the active population.

During February, the unemployment recorded declined only in the construction sector (-4,574 persons); in agriculture, it increased considerably (28,402 persons); industry and services experienced more moderate increments (3,245 and 3,298 persons, respectively); and in the group "without prior employment" the increase was 12,976 persons.

Foreign Trade

During the first 2 months of the year, exports proved to be far less dynamic than was to be expected, whereas imports accelerated their growth slightly. It is difficult to calibrate the extent to which the characteristic of the first 2 months might be representative of the new fiscal year; but, nevertheless, greater intensity in our sales should be anticipated.

During February, exports amounted to 315.178 billion pesetas, exceeding those for the same month last year by 3.5 percent; whereas imports registered an interannual variation of 6.4 percent, reaching the figure of 404.920 billion pesetas. The rate of coverage stood at 77.8 percent (2.1 points under that of February 1984), and the trade deficit was 89.742 billion pesetas, exceeding that for the first month of the previous year by 17.6 percent.

Insofar as the cumulative results for the first 2 months are concerned, exports showed an interannual variation of 5.0 percent, and imports exceeded those of January-February 1984, gauged in pesetas, by 7.5 percent; while the rate of coverage stood at 76.1 percent, losing 1.8 points with respect to the year before.

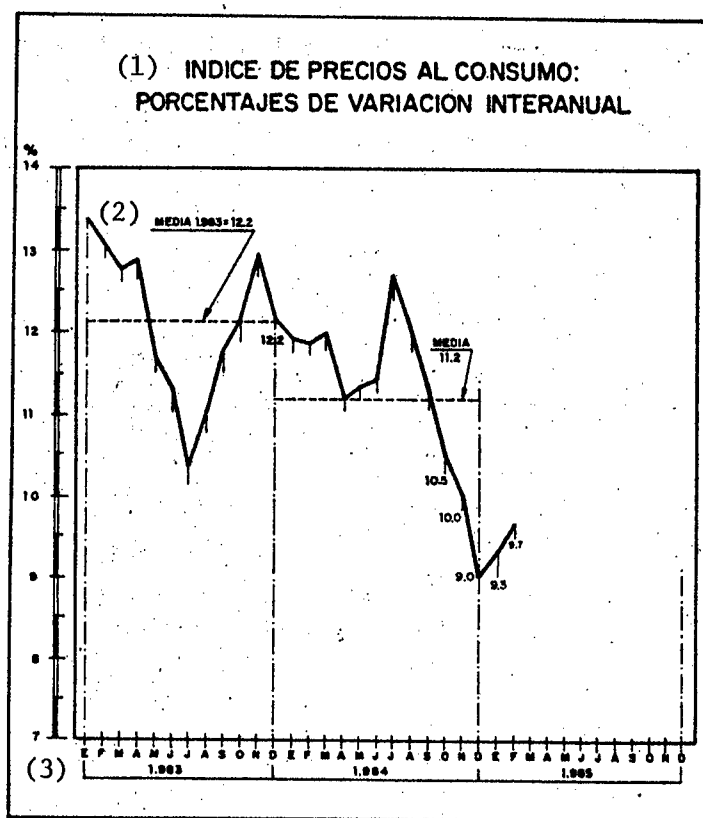
Current Industrial Situation

According to the cyclical survey prepared by the Ministry of Industry and Energy, during December the level of the backlog of industrial orders dropped 5 points from the previous month, standing at -43; and as for the short term trend or forecasts for that backlog, a large increase in orders and a slight replacement of stocks are anticipated.

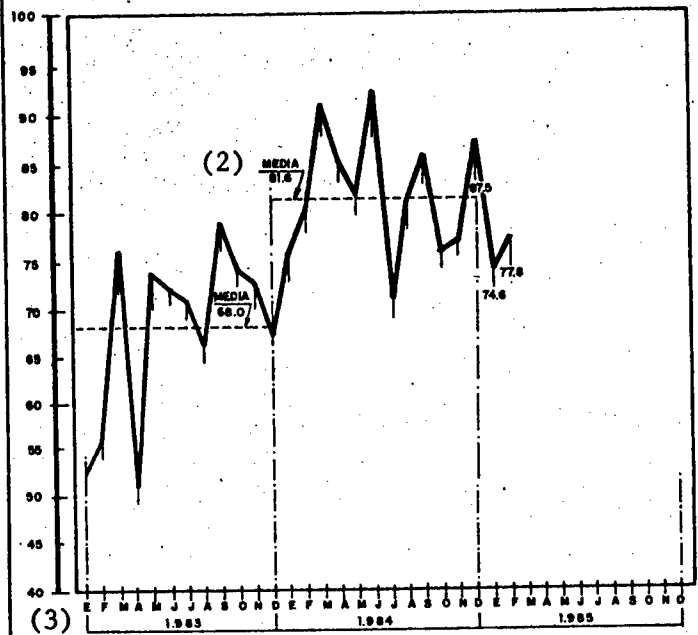
For 1984 as a whole, the average balances of the main variables analyzed show, as prominent features, an increase in the backlog of orders, a reduction in stocks and a production rate quite similar to that of 1983.

Moreover, returning to the December results, it should be noted that the production rate dropped 20 points from the previous month, and the trend indicator improved 13 points, standing at +6.

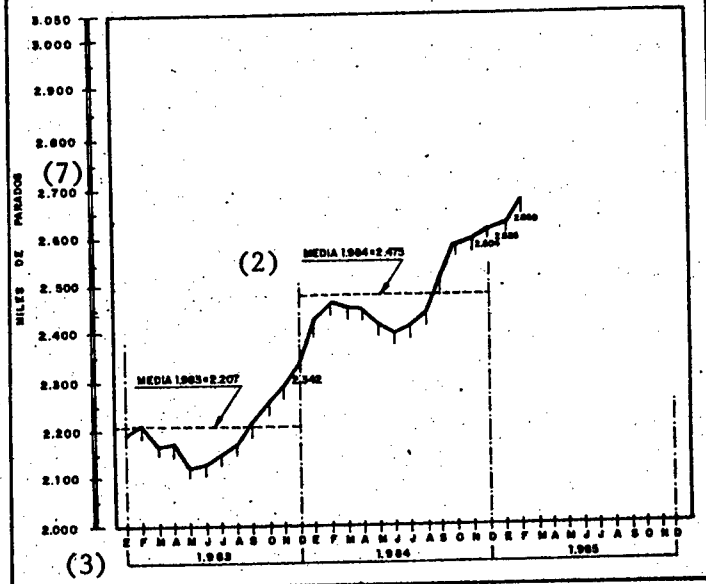
As for construction, the contracting level increased by 49 points, and there was also a considerable improvement in production, while, over the short term, increases in bidding and in the rate of activity are expected.



(4) COMERCIO EXTERIOR: EVOLUCION MENSUAL
DE LA TASA DE COBERTURA



(5) PARO REGISTRADO
EVOLUCION MENSUAL DEL NUMERO DE DESEMPLEADOS
(6) (En miles)



Key to Graphs:

1. Consumer Price Index: Percentage of Interannual Variation
2. Average
3. Three sets of abbreviations for 12 months of 1983, 1984, 1985
4. Foreign Trade: Monthly Evolution of the Rate of Coverage
5. Unemployment Recorded, Monthly Evolution of Number of Unemployed
6. In thousands
7. Thousands of unemployed

2909

CSO: 3548/134

ECONOMIC

SPAIN

BOYER DENIES CHANGING ECONOMIC POLICY

Barcelona LA VANGUARDIA in Spanish 21 Apr 85 pp 56, 57

[Interview with Economy and Finance Minister Miguel Boyer; by Hernandez Puertolas; date and location not specified]

[Text] The minister of economy and finance, Miguel Boyer, gives the impression of being somewhat surprised by the reaction evoked by the measures which he announced last Tuesday to the Congress Commission on Economy and Finance and, in particular, by the multi-hued interpretations given to them. In a lengthy interview granted to LA VANGUARDIA, the minister stressed over and over again that the aforementioned measures did not mean a correction in the economic policy carried out to date, but rather are a logical result of them, in view of the fact that the most difficult part of the adjustment has been completed and because of the need for making certain amendments with the prospect of a strengthening in the domestic demand, which may make it possible to attain a modest growth in the Spanish economy during 1985. In any event, he did emphasize the beneficial effect that these measures may have in improving expectations, a fundamental aspect for the success of any economic policy.

Before the dialogue per se began, the minister of economy and finance, Miguel Boyer, expressed his desire to submit, albeit briefly, the reasons which prompted his department to present (and the government to approve) a series of provisions which have, at the least, surprised the public, causing all kinds of interpretations, ranging from the claim that the PSOE [Spanish Socialist Workers Party] had forced the "super-minister" to change his proposals to the one that Boyer had decided to apply the liberal prescriptions of the Reagan administration in Spain.

"I have been asserting for about 6 months that, after 2 years of adjustment, if that adjustment were starting to bring its results, it would be feasible to move to a phase of expansion of the domestic demand. I believe that the adjustment has had moderate success, in terms of growth of the GDP, price moderation, balance of payments and curbing the deficit. This affords us a certain amount of maneuvering room, although it may be small, for restarting domestic demand, which has become all the more pressing as the slowdown in the North American economy is confirmed. This stimulation of the domestic demand is being attempted, not by means of an expansion in public spending, or through wage increments, which would raise the costs of business firms,

but rather, through incentives to the private sector. Hence, a slight withholding is being made in the income tax of individuals, representing an injection of about 106 billion pesetas. Finally, a series of measures to liberalize the economy is being adopted, eliminating the inflexibilities in the face of the great challenge represented by integration into the European Economic Community. Therefore, there is no change in policy, but rather an attempt at give a little assistance to back some trends that are already occurring in our economy."

[Question] In any event, to what extent do these measures respond to a certain amount of deterioration in the basic economic indicators of our economy?

[Answer] It is obvious that there have been some signs of a slowdown very closely associated with what is taking place in the Western economies, in any event. In our case, we have also had a slight deviation in prices during the first 2 months, which has entailed a decline in purchasing power. This is also the reason for the injection of that 106 billion, which is a modest figure, to give an impetus to consumption.

The Measures and the Reform of Pensions

[Question] In any event, since the battle to curb the deficit has been proposed but by no means won, you give the impression that what is failed to be collected on the one hand will have to be translated into cuts in public spending, on the other. Although the measures which you have announced mentioned cuts in spending, military imports and transfers to public enterprises, is it reasonable to assume that this package of measures will run parallel to a reorganization of public spending of a scope as large as the announced reform of social security and, particularly, of pensions?

[Answer] The measures to cut spending proposed in the package are not equivalent to the injection for consumption, which the cut in withholdings represents. It is, basically the delays in the transfers to certain public enterprises, which are improving their profits and losses accounts and operating on the purchases abroad by the Ministry of Defense, which is making a very stringent policy and spending less than it has budgeted for this item.

New Study Phase

The reform of pensions, on the other hand, is a long-term decision, totally different from this more cyclical and short-term policy. It is a strategic decision which, over the short term, will have a very slight effect, because the groups currently affected by pensions will remain the same. Over the long term, on the other hand, in 7 or 8 years, it could mean a reduction of about half a billion pesetas, a third of the present deficit, in public spending. Hence, these are two quite different matters.

[Question] In view of the opposition that the proposed reform in social security has aroused, especially on the part of the trade unions, could it be said that this is a decision already made by the government, to be approved

at one of the forthcoming sessions of the Council of Ministers, or, on the contrary, that the cabinet is still weighing the pros and cons?

[Answer] I cannot answer that; it is a decision for the head of the government. The only thing that I can cite is the rationality that confronting this problem represents. It is obvious, particularly from the demagoguery made on the subject by certain ministers of the Francoist movement, that a system which is financially inoperative was established. It would be more convenient to leave the problems for those to come, and not face the unpopularity of this type of measure. In any case, the sooner it is done, the less social cost it will represent. That does not preclude the government's having decided to attempt another phase of explaining the problem, and of holding dialogue with all parties, so that its significance and dimensions will be understood by each one. What is illogical is the present situation, wherein the vast majority of the 5.5 million pensioners have very low pensions and, at the same time, those of the new pensioners are taking off. This is unfair to the current pensioners and it is, of course, intolerable in the future.

Construction and Rental Sector

[Question] Returning to the measure announced last Tuesday, and setting aside the reduction in withholdings and the proposal to reduce income tax rates during the next fiscal year, perhaps what has attracted most attention are those related to the construction sector and, in particular, the amendment in the heretofore untouchable Law on Urban Rents....

[Answer] It is unnecessary to dwell too much on the obvious importance of the construction sector, both from the standpoint of investment and that of employment. That saying that, "cuando se levanta la casa, se levanta el país" [when building goes, everything goes] still holds true completely.

Fortunately, we are not operating in a void, because there have been signs of reactivation in the sector which the aforementioned measures are intended to extend and reinforce.

One of them is through tax incentives. There was no reason to make a distinction between investments in construction, for tax purposes, and investments in securities, for example. Up until now, investment in one's own housing was tax exempt, but investment in housing in general was not.

Insofar as rents are concerned, they had been governed by a provision adopted during the post-war period by Franco, which might have made sense at that time. Stated in absolute terms, it involved making a transfer of rents from the rich (the property owners) to the poor (the tenants), and the same thing that Franco adopted during that period has been adopted by Fidel Castro in Cuba.

But that measure, maintained for 50 years, understandably leads to the destruction of the rental housing market, which is what has happened in Spain. And it is also true that the new rents are excessively high, because the property

owners make them very high to discount the compensation that they would have to give to the tenant to leave the apartment. Therefore, in my opinion, unblocking the rental housing market is a measure with progressive effects, because it will stimulate the sector and, hence, create employment; secondly, because, when the supply increases, the new rents will decline, or will rise less. In a market economy, it is quite logical to have some rents agreed upon which have been determined for particular periods of time in the new contracts, because there is no attempt to run counter to acquired rights. I need not tell you the importance that this may have in the young population's access to housing.

Freedom to Amortize

[Question] Another measure which, although we admit the slight importance that it might have in collecting the income tax of corporations, nevertheless assumes an undeniable qualitative feature, also related to the necessary generation of confidence among business firms, is the proposed freedom of amortization for the new investments made this year and next. What does the ministry expect of this provision?

[Answer] This is another measure that could be adopted when the problem of the deficit is somewhat more settled. It is, obviously, another potential loss in collections, and it is aimed at the business firms which invest. As I have already said on other occasions, the improvement in the business firms' surpluses that has occurred during the past few months has not been translated into an improvement in investment; because the business firms have been engaged primarily in cutting their financial costs, in eliminating their indebtedness. Hence, with this measure it is intended to reward the firms which invest, because, when they are able to amortize freely, their benefit for tax purposes will decrease and, ultimately, they will have to pay less for the corporation tax.

[Question] The measures have had somewhat of a "surprise factor." It would appear that some of your colleagues in the cabinet, whose departments were affected by them, have been caught a little unexpectedly....

[Answer] The overall planning of the measures involves an internal process which, understandably, cannot be disclosed until it has been completely put together. We have been studying them for the past 2 months, when there were some signs of a decline in consumption and of deterioration in the international situation, concurrently with price increases somewhat larger than anticipated. This study was made by a small number of persons from this and other ministries. When the consent of the head of government had been received, I explained them to the Delegated Commission, to the PSOE executive body and to the Council of Ministers; and only in the Delegated Commission was there any objection by a minister. Actually, there were no differences, with the understanding that economic policy does not consist of a combination of decisions from the different departments, but rather is based on a general orientation which, logically, emerges from this department, to be sure with the consent of the head of the government.

[Question] A provision such as the liberalization of business establishment hours, also included in the proposed package, seems to have caused a certain amount of uneasiness, particularly in small retail trade....

[Answer] I believe that it will be, precisely, a means of helping small dealers, those family-based firms with a great deal of flexibility, to compete. It also entails an advantage for the consumer, and the worker in general, whose working hours coincide exactly with those when businesses are open now. And it cannot be claimed that this is a measure inspired by super-capitalist economies, such as the American. In Sweden, the freedom in this respect is total. However, I was saddened, not only in this matter but in general, by the misgivings evoked in our society by all the provisions representing liberalization and, ultimately, the elimination of the alleged protection; for the only thing that the latter has achieved during all these years of crisis is precisely the worsening of our situation.

[Question] From what you have said, the goals of the measures are modest and, of course, do not represent a correction of the economic policy that is in progress....

[Answer] Obviously, insofar as stimulating consumption is concerned, their goals are limited, moving from a growth of 0.8 to 1.3 percent, in other words, growth of half a point. Nevertheless, I consider them important as a stimulus to investment, particularly in the construction area and liberalization of the economy; which should have an impact on expectations as well.

I can understand why the opposition, for that is its role, should say that they represent a correction. The balance is delicate: It cannot be claimed that they represent a radical change, but I don't wish to say that they represent nothing, because that is untrue. Along with the current provisions, I think that it is also important to convey to Spanish society the essential nature of making our economy flexible, faced with the European challenge. The fact is that business owners as a whole have reacted quite well.

Employment

[Question] It has also been mentioned that 1985 must be the year in which, since we cannot expect a boost from exports similar to that of last year and, furthermore, given the Spanish productive structure, it is rather unlikely that it will create employment, the domestic demand has to be put "in the driver's seat" of growth....

[Answer] This is so. Even if we were to grow at the same rate as last year, with an increment of about 2.2 or 2.5 percent in the GDP, the important thing is not those tenths, but rather the composition of that growth. The experience from previous years has shown that growth by means of external demand has worse effects on employment than growth by means of internal demand, based on domestic consumption and investment.

[Question] Do you mean that, this year, finally, we are going to stop destroying employment?

[Answer] Well, possibly, but neither I nor anyone, I think, is in a position to ensure it. At the recent OECD [Organization for Economic Cooperation and Development] meeting in Paris, it was commented that the mechanical relationship between growth and employment has been broken. There are some areas in which it is created, and others in which it is destroyed; there are objective conditions which help to create it, but it cannot be stated scientifically when and how much employment will be created.

[Question] Although you have already told the Congress Commission that there would be no substantial changes in monetary policy, it would appear that in the figures for the first 2 months there is evidence of a certain excessiveness in the goals set; which lends itself to speculation regarding the future of that monetary policy in the months ahead....

[Answer] There have been no substantial deviations. The net assets in the public's hands are at the upper end of the anticipated bracket, and the disposable assets are at the lower end. This may be explained by several reasons, one of which is that, before the future enforcement of the tax provisions affecting financial assets, there have been the logical underwritings and turnovers of this type of assets. The fact that the banks, having more demand for credit, have sold more treasury bills among their clientele than they sold last year has also had an effect. But, I insist, there is no cause for concern on the monetary front. The real interest in Spain is the lowest among the OECD economies, with the exception of that of Japan.

The Procedures

[Question] In conclusion, Mr Boyer, by what date and in what way will the government approve this entire set of provisions?

[Answer] There are some, such as the cut in withholdings, that do not require the status of a bill or decree-law, and hence will be approved immediately by decree. As for the others, which do require a higher status, the different departments are already working on the pertinent decree-laws or bills. Some are short-term and others demand more time. But it seemed fitting to submit them all simultaneously, so as to underscore their liberalizing nature.

2909

CSO: 3548/134

ECONOMIC

SPAIN

CREDIT DEMAND DOWN IN PRIVATE, UP IN PUBLIC SECTOR

Barcelona LA VANGUARDIA in Spanish 16 Apr 85 p 63

[Text] Madrid--The total financing received by the private sector during the first 2 months of this year has undergone an increase approximately equivalent to 5 percent per year, according to the first estimates made by the Bank of Spain. This new financing includes that procured by the private sector both on the money markets and in the credit system. That rate of increase represents a slowdown with respect to the final 2 months of last year.

Most of this new financing has been procured from the money markets, because during the first 2 months of the year banking credit still had rather clearcut signs of stagnation in the demand for funds on the part of business firms and private individuals, despite the fact that interest rates have continued their slow downward course, and also despite the rather easy atmosphere offered by the liquidity in the credit system, in contrast to what happened during the previous months, especially during the first part of last year, just about on those same dates. According to bank sources, the phenomenon of rationing credit for the private sector has virtually disappeared during recent months.

Heavy Public Requirements

On the other hand, the public sector's financial requirements have been rather heavy during these first 2 months of the year, so that the financing as a whole procured by that sector has undergone an advancement of 20 percent in annual terms. The combination of public and private sectors has received new financing which represented an increase, in annual terms, of about 10 percent during these first 2 months of the year; an increase which has gone, for the most part, to finance the needs of the public sector which, nevertheless, reduced its requests to the Bank of Spain by 383 billion pesetas during the period, owing partly to the net sale during the month of February of 182 billion pesetas in treasury bills.

This improved status of the internal markets is what has allowed for an accelerated process of advance amortization of external loans; a movement which, however, has not thus far prompted an appreciable show of internal financing, although it has been translated into an increase in loans put in trust in pesetas for private issues, which have started using this method widely during recent months.

The Monetary Goals, Excessive

Despite the slack demand for credit on the part of the private sector, the strong leadership being acquired by the markets when it is time to provide funds for both the public and the private sector, apart from the credit system, has been translated, during these past 2 months, and especially in February, into a sizable increase in total liquidity. This considerable rise in liquidity was reflected, during February, in an increase in total net assets in the hands of the public amounting to 22.7 percent, as an annual rate, whereas for the first 2 months combined, the increase was 15.5 percent. Both percentages far exceed the goals set for the growth in total assets for the year as a whole, put at 13 percent, with a margin of tolerance of 1.5 points; in other words, at a level of 14.5 percent.

Nevertheless, monetary sources emphasize that, during these first 2 months of the year, some changes have occurred in accounting, which might be distorting the true magnitude of the monetary growth. One of these is the transfer of funds that has been taking place from the regular deposits in funds and banks to bank notes which, when issued at a discount, artificially influence a higher growth rate, estimated at about a point. Moreover, during these first months of the year, there has been an intense sale of business notes, which may have created the effect opposite the previous one.

Increase in Funds

The aforementioned distortions have made it increasingly difficult to really monitor the monetary volumes, because these turnovers of money are not always easy to account for. But it is taken for granted that the business firms have been greatly increasing their recourse to financing sources other than the traditional ones used, such as bank credit. The growing weight of the new assets is thereby increasing considerably, in part due to problems of fiscal uncertainty associated primarily with the forthcoming putting into force of the Financial Assets Tax Law, the effects of which on the market have been observed for nearly a year, although with special intensity during recent months, particularly since last summer.

Monetary Evolution in 1985

| | Annual Growth Rates | | | |
|---|--|---------|----------|---------------------------|
| | 4th quarter 1984 (quarterly rate) | January | February | 1985 first 2 months |
| Total net assets (ALP) | 13.2 | 8.9 | 23 | 15.5 |
| Money supply (M3) | 11.8 | 5.7 | 12.7 | 9 |
| Other assets | 28.1 | 46 | 177.5 | - |
| Contribution to growth of total assets (ALP) | | | | |

[continued]

Annual Growth Rates

| | 4th quarter 1984 (quarterly rate) | January | February | 1985 first 2 months |
|-------------------|--|---------|----------|---------------------------|
| Money supply (M3) | 14.4 | 8.8 | 15.9 | - |
| Other assets | 2.5 | 0.1 | 7.1 | - |

Source: Bank of Spain

2909

CSO: 3548/134

ECONOMIC

SWEDEN

BANK PREDICTS ALMOST ZERO GROWTH RATE FOR GNP IN 1986

Stockholm SVENSKA DAGBLADET in Swedish 28 May 85 p 1

[Article by Lars-Georg Bergkvist]

[Text] Lower demand for Swedish export products, loss of market shares and a deficit in the trade balance. These predictions were made by S-E Bank [Stockholm Private Bank] economists, who thus lowered their expectations for Sweden's economic outlook in 1985.

The S-E Bank is the first to adjust its forecast to the new lower international demand. But the Market Institute has also indicated that it is recalculating--i.e. revising downward--its own figures.

The balance of trade is the curve that is developing most drastically this year (see Figure 1). It was the trade balance deficit that was the main reason for the big capital outflow that led the National Bank to raise the discount rate by 2 percentage points and the government to tighten up the economy recently.

According to the bank economists the balance of trade produced a total deficit of 8.8 billion kronor in the period from January to April. It is true that they are predicting an improvement for the rest of the year. But even so they are forecasting a deficit of 7 billion kronor for the entire year. In February the bank was anticipating a surplus of 7 billion.

The main factor underlying the deterioration so far this year is the sharp and unexpected rise in private consumption. It consists largely of imported goods.

But the bank economists are also considerably more pessimistic about our own export possibilities now than they were at the beginning of the year.

For one thing, Swedish industries are continuing to lose market shares. After winning shares starting in 1981 with the help of devaluations, a new shift occurred in October 1983.

Up to that time firms could compensate for the sharp wage cost increases--twice as high as in West Germany, for example--with the help of the increase in productivity that automatically occurs at the beginning of a market boom when firms increase the utilization of their capacity without having to raise costs.

The S-E Bank believes that the loss of market shares this year will amount to 2.5 percent.

This will no longer be offset by an equally rapid increase in the total market for our export products. With respect to processed goods, for example, the increase is expected to be 5.5 percent this year compared to 10.5 percent the year before.

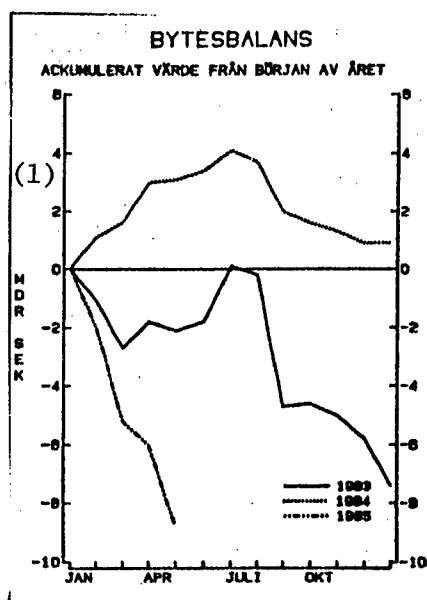


Figure 1. Balance of Trade
Accumulated Value from the Beginning of the Year

The balance of trade took a sharp dip in the first 4 months of the year. However the curve should level off for the remainder of the year.

Key: 1. Kronor, in billions

Negative GNP in 1986

The increase in private consumption and the sharp increase in investment--up 15 percent for industry--are unable to offset the weaker development in

the export sector. Growth will end up at 0.9 percent this year and the S-E Bank feared that the GNP trend could even be negative for 1986.

One could say that economic developments in Sweden have been a mirror image of American developments.

While growth in the United States has been based on imports and private consumption, in Sweden it has depended on exports to a larger extent than at any time previously in the postwar period.

Professor Erik Lundberg and S-E Bank economist Lars Gunnar Aspman pointed this out in an article in the January issue of the bank's quarterly publication.

The two examined a number of unique features in the present market upturn:

Earlier upturns have also been dominated by exports, of course. As a rule foreign sales have accounted for 30-40 percent of GNP growth. In 1982-84 the figure was close to 100 percent. That shows how vulnerable we are now when the growth of world trade slows down.

Private consumption, on the other hand, has contributed only 10 percent to growth this time. In 1966-68 the figure was 51 percent and in 1971-73 it was 50 percent.

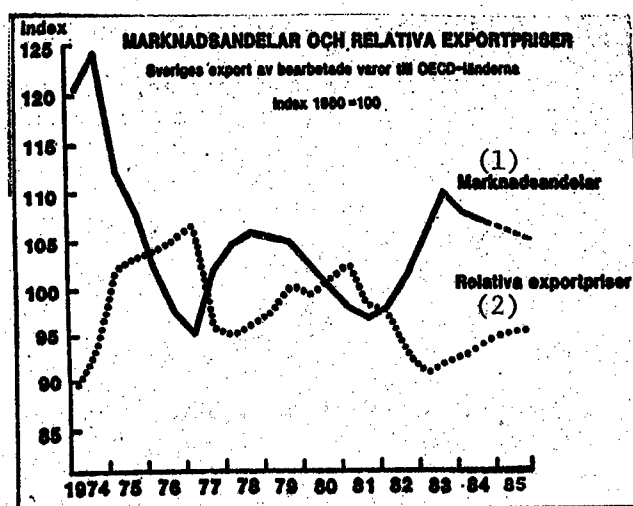


Figure 2. Market Shares and Relative Export Prices
Swedish Exports of Processed Goods to OECD Countries

October 1983 was the turning point. At that time Swedish companies began losing market shares abroad again, according to the S-E Bank. And increases in relative export prices gradually eroded the advantages of devaluation.

Key: 1. Market shares

2. Relative export prices

No New Savings

In earlier shifts in the market, household savings have declined when the market went down and increased when it went up. That is not the case now. Instead households have reduced their new savings to zero.

Inventories have traditionally played a key role. However there has been a structural change. A record high real interest rate--around 8 percent today, which is a world record--and new capital rationalization models have led businesses to reduce their inventories 4 years in a row.

6578

CSO: 3650/253

3 July 1985

ENERGY

EUROPEAN AFFAIRS

FRENCH, DUTCH AGREE ON EXTRA NATURAL GAS

The Hague ANP NEWS BULLETIN in English 29 May 85 pp 1, 2

[Text] Groningen, May 28--Dutch gas distributor Gasunie and the French utility Gaz de France have revised and extended their existing natural gas contract, Gasunie said today.

Under the new agreement Gasunie will supply Gaz de France with 50 billion cubic metres of extra natural gas between 1996 and 2010. The price is not published, but will now largely be linked to that of domestic fuel oil as well as to fuel oil.

In the past the price was based solely on that of fuel oil.

Gasunie's existing contract with Gaz de France was signed in 1966, and covered the supply of 195 billion cubic metres of natural gas between then and the mid-1990s.

The share of Dutch natural gas in the French market is declining, Gasunie said.

Similar Terms

In 1980 the Dutch share was 37 per cent. The current level is 23 per cent and this is expected to fall to 12 per cent by 1990 and 11 per cent by 1995, then to remain stable for several years.

The Netherlands supplied France with 7.3 billion cubic metres of natural gas in 1984.

Gasunie recently extended and revised contracts with West Germany, Italy and Belgium on similar terms. In all Gasunie will supply these three countries with 275 billion cubic metres of extra gas between 1995 and 2010.

Dutch News

The Gasunie's largest foreign customer is West Germany, which took 15 billion cubic metres of Dutch natural gas in 1984, followed by France, Belgium with 5.8 billion cubic metres, and Italy and Switzerland, which together took 5.6 billion cubic metres last year.

CSO: 3600/19

ENERGY

BELGIUM

HIGHER NATURAL GAS SALES, LOWER PRICES IN 1984

Brussels LE SOIR in French 11/12 May 85 p 2

[Text] Gas is doing well. Worldwide reserves are up. Prices are down. Consumption is increasing in our country. In short, the 1984 balance sheet of Distrigaz is positive and is closing with a profit of 621 million for total gas sales in excess of 90 billion francs. This positive balance sheet confirms the recovery announced for the industry in 1983. The current year--1985--will very likely be marked by the revision of our supply contract with Algeria. Distrigaz is remaining reserved about these future negotiations, but is optimistic nevertheless.

Distrigaz--a semi-public company--holds the purchase and sale monopoly for natural gas in our country. After annual sales of some 10 billion cubic meters from 1975 to 1980, gas consumption in Belgium fell sharply. But in 1983 and 1984, sales have recovered, increasing by 8 percent in 2 years. This increase is primarily due to decreases in prices occurring on the international level. Gas is becoming very competitive with heavy fuel in industry and with diesel heating oil in the domestic sector.

This pressure on prices became apparent in 1984 at the time of the revision of our supply contract with the Netherlands (57 percent of our supply). "Gasunie" extended its supply contract with Belgium by 10 years and permitted, in addition, a decrease in price for part of its deliveries (the defense portion), which will allow gas to maintain or reinforce its position in certain industrial sectors. One also recalls how, thanks to these price reductions, we were able to save our nitrogen industry, for which gas is a very significant raw material and which was threatened by the extremely deflated prices which the Dutch government was extending to its own nitrogen industry.

Fierce Competition

Distrigaz, like Figaz which is the Federation of Gas Industries, has also considerably increased its campaign to promote the use of gas. It is a well-known fact that suppliers of other energy sources have not remained inactive,

and the last few months have witnessed fierce campaigns among competing energy sources to increase their respective shares of the market.

But the gas people have some weighty arguments: price stability, the cleanliness of gas, its ease of use, its energy savings potential.

Let us also point out that, for the first time in years, the Distrigaz petroleum entry has disappeared from the balance sheet. This inglorious episode has been totally absorbed by the government.

Zeebrugge

Of course there is still the Algerian gas. Work continues on the gas terminal at Zeebrugge which will be ready as planned in 1987 to receive the ship Methania. In 1984, another 3.5 billion francs were invested at Zeebrugge to prepare this terminal. Mr Haveaux, acting managing director, explained that Distrigaz foresees sharing this terminal with foreign clients. That is one of reasons for creating a specific company, the National Methane Terminal Company, to construct the terminal.

As for the supply contract itself, it is known that a revision of the terms is possible and that negotiations between Distrigaz and the Algerian company Sonatrach will take place during the second half of this year. Theoretically, if nothing changes, starting in October 1986, we would have to buy from Algeria 5 billion cubic meters per year at a price higher than the price of other gas available on the market. Distrigaz, fortified by the revisions already effected in this contract in previous years, seems confident.

"Given the new worldwide context, we will arrive at the necessary alterations in the contracts and delivery conditions. These changes have always been carried out favorably. All indications are that everything will go well this time also." Thus we see a mixture of caution and optimism.

It is known that within the government the Secretary of State for Energy, Mr Knoops, favored a quick discussion with the Algerians; but, finally, the idea of patience along with peaceful and friendly adjustment prevailed. All the same, when the September session begins, the subject of Algerian gas must be discussed again.

12666

CSO: 3619/71

ENERGY

ITALY

NATIONAL ENERGY PLAN IN DIFFICULTY

Rome L'ESPRESSO in Italian 14 Apr 85 pp 209-214

[Article by Tullio Fazzolari: "It Winds Up With the Private Sector"]

[Text] According to the last report by CEEP, the Centre for Studies chaired by Giorgio LaMalfa, the state's energy agency is not able to carry out the national energy plan. Better ask the private companies for help. But, how?

These are dark days for ENEL. The state's energy agency hoped to be able to rest peacefully after having balanced the budget for 1984. Instead, it is now caught in a crossfire. Broad-sides are coming from all directions. ENEL is under attack by magistrates because light bills calculated on an approximation force consumers to pay for more energy than they use. ENEL is also caught in the cross hairs of Parliament, since Parliament will have to debate on how to reform the agency and make it more efficient.

Thus, ENEL is almost being shelled. But the coup de grace for the state's energy agency has yet to come. It consists of a 25-page document which points out all of ENEL's defects and mistakes. The coup de grace is the last report by CEEP, the Center for Studies on economical politics presided over by the Republican vice-secretary Giorgio LaMalfa. In spite of the title (i.e., "ENEL: what reform?") which tries to appear moderate, the document prepared by the experts of the CEEP in fact represents a tough prosecuting indictment against the state's energy agency.

"To put the spotlight on ENEL "says the CEEP report, "is wise as well as proper, because experience shows that in Italy programs usually fail during the execution phase. It is not a matter of trying to put the top level of management on trial, but of gathering information (from analytical awareness of progress made during the last few years) about consistency and adequacy of improvements in terms of the extremely demanding steps which are still to be taken." The theme [of the report] is explicit: ENEL is called upon - as "producer" - for carrying out the national energy plan. However, PEN moves very slowly. The delays accumulated during the last 3 years are a heavy burden. Sites for four nuclear power station were supposed to be ready; only one is ready. They were supposed to find

locations for new construction of coal generating stations to produce 6,000 megawatts, and some oil power stations already in existence were supposed to be converted to coal for another 3,700 megawatts. These objectives also failed: changes already started do not even reach 900 megawatts and the plans for new power stations go no farther than 3,800 megawatts.

If these are the results, it would be appropriate, according to CEEP, to submit ENEL to a careful checkup and examine its capabilities - "Otherwise it would be useless to talk about an energy plan", observes economist Riccardo Gallo, one of the experts who drew up the report, "if ENEL, (i.e., the institution which is to carry it out) cannot accomplish it."

The in-depth picture of ENEL made by CEEP (in its report) is merciless. The net figure reached in 1984 after years of catastrophic losses (2,500 billion in 1982 alone and another 1,823 billion in 1983) does not make for ready enthusiasm, "ENEL", as written in CEEP's report, "succeeded in rebalancing its economic management in a climate of favorable government measures, but it was not able to initiate investments on a scale commensurate with the numerical and calendar objectives set by PEN. This has stirred up a two-sided debate. On the one hand, we wonder how much of the economic equilibrium is due to cost cutting or increase in productivity, and how much is due, instead, to increases in rates or to the increases in endowments. On the other hand, we question (not without a touch of polemics) ENEL's organizational and financial ability to make provitable investments, and [to make them] at the right pace. That is to say, at the pace necessary for timely up-grading of the existing power stations."

In light of the figures on hand, ENEL's improvements appear to be insignificant. The presidency of a manager like Francesco Corbellini (a technician appointed by Romano Prodi when he was Minister of Industry) has not changed the agency into a more efficient body. This is demonstrated by facts presented in the CEEP reports. Especially those concerning productivity. In the case of ENEL, this can be measured in two ways. The first is the ratio between the agency's employees (about 115,000) and the consumers being serviced. Five years ago there were 200 consumers for every employee. Today the number of consumers is 216. The improvement in productivity is about 8 percent, less than 2 percent per year. This is almost insignificant if compared with the 15 percent jump made in private industry in barely two years. And another fact is even more discouraging: the relationship between employees and the amount of energy production. We go from 1,261 kilowatt/hour per employee to 1,297, which means a ridiculous improvement of 2.8 percent in 5 years. Another point against ENEL is the fact that it has not been able to free itself (not even in a small way) from its dependence on oil. The majority of the power stations still run on oil - the most expensive source of energy.

Without appreciable improvements in productivity and cost reductions the "recovery" of ENEL's budget must be taken with a grain of salt. The recovery is like a tie in some football games. It seems to have been obtained thanks to a series of penalty kicks decreed by the referee in

favor of the home team. That is to say, in favor of ENEL - which has been helped by the government through penalties levied against consumers in the form of higher charges.

Actually, during the last 2 years the price of a kilowatt/hour has increased at a higher rate than the rate of inflation: 25 percent in 1983 and 22.7 percent in 1984. What does all this mean? Simply that in actual terms (that is to say, net after inflation) ENEL's gains have increased by 9.9 percent in 1983 and by 12.2 percent in 1984. This means that during these 2 years, thanks to the increases in rates, ENEL has increased its income by 900 billion and 1,400 billion respectively.

However, during these same years, ENEL's management has made much more modest advances. Improvements in 1983 have amounted to only 600 billion, and 670 billion in 1984. That is to say, [the amount is] less than what the government has helped ENEL collect by imposing increases in rates at the expense of the consumer. "And at the end", CEEP passes judgment, "the effects of the modest improvement in management's efficiency seem negligible."

To support this opinion, LaMalfa's Studies Center can produce additional proof which would make the in-depth picture of ENEL even more disheartening. One thing, for example, is comparison with the French energy agency on how much it costs to produce one kilowatt/hour of electric energy. Across the Alps they have always done better; the trouble is, that separation has become more acute as a "direct result of the worn-out investment strategy ENEL is following".

Therefore, for the time being, ENEL has not been able to obtain good results. "Neither do the 1985 goals", CEEP adds, "promise significant changes". One will have to wait ten years. That is to say, until 1995, when dependence on oil for production of electricity will be reduced to 11.5 percent. And requirements for imports will decrease to 1.3 percent. All of this can happen only if new nuclear and coal power stations are built. In short, [only] if the national energy plan will be carried out.

And here great ambitions collapse when faced with ENEL's state of affairs: "One only has to think", CEEP's report says, "that investment forecasts indicate a need to invest a total of 55,300 billion in the 5 years (1985-89). This is an undertaking which is considered "completely outside the energy agency's capabilities." ENEL does not have the money. And, according to CEEP, the agency cannot even run up too many debts. Endowments received during the last few years have been barely sufficient to reduce the weight of the financial burden (from 28 to 22 percent) on billing.

Therefore, without new debts, ENEL has no means to finance its plans: "The resources generated by management would amount to approximately 10-12 thousand billion for the entire 5 years". Therefore, they are short by 40,000 billion. How to find them?

"The solution to the problem," the CEEP report on ENEL suggests, "cannot come from private capital like the one generated in businesses or from growth like in family savings." Seeing as how ENEL cannot do it on its own and that increases in rates and other financial supports would not be enough, there is no other way than to call private concerns to the rescue in order to keep PEN going.

But how can one convince industry and individual depositors to bet their money on such stakes? The report of LaMalfa's Center for Studies leaves no doubts: reform of the energy agency, which will have to be discussed in Parliament and which is being viewed by each party according to its own remedy (see chart), can be the turning-point. First of all ENEL will have to be modernized, not by turning it into a hearse, but by making it a holding company of efficient companies which would function according to the rules of the market place. Only in this way [will it be possible] to guarantee "adequate margins of profit for private savings invested in ENEL."

CEEP's proposal points the way. Although it is not easy to find 40,000 billion even on the private market. But, since ENEL does not have them and the state cannot give it to them, one might as well try.

The generating stations would be built by companies in a joint venture between the energy agency and the private sector and then leased to ENEL. ENEL would be obligated to remunerate the invested capital. And thus, electricity which was nationalized in 1962 (a little more than twenty years ago) would not be completely public any more but would become a new experiment in cooperation between government and the private sector.

OGNI PARTITO HA IN MENTE UN ENTE

| A. | B. Dc | C. Pci | Pal | D. Pri |
|---------------------|--|---|-------------------------------|---|
| Chi lo controlla | Un solo organismo pubblico che accentralizzi tutte le competenze | Il Cipe | | Il ministero dell'Industria |
| E. Come deve essere | F. Ente pubblico con gestione industriale | G. Ente pubblico | H. Ente pubblico | I. Enel holding con società operative |
| J. Chi lo dirige | K. Presidente con più poteri | L. Consiglio di amministrazione a tempo pieno | M. Un amministratore delegato | N. Presidente di nomina politica e manager per le società |
| O. Come si finanzia | P. | Q. Fondi di dotazione solo per investimenti | R. | Favorendo la raccolta di capitali privati |

Ecco in sintesi come i partiti vogliono riformare l'Enel. La questione, comunque, non è ancora arrivata all'esame del Parlamento ed è affidata, per il momento, allo studio d'una commissione del ministero dell'Industria.

Every Party Has Its Own Agency In Mind

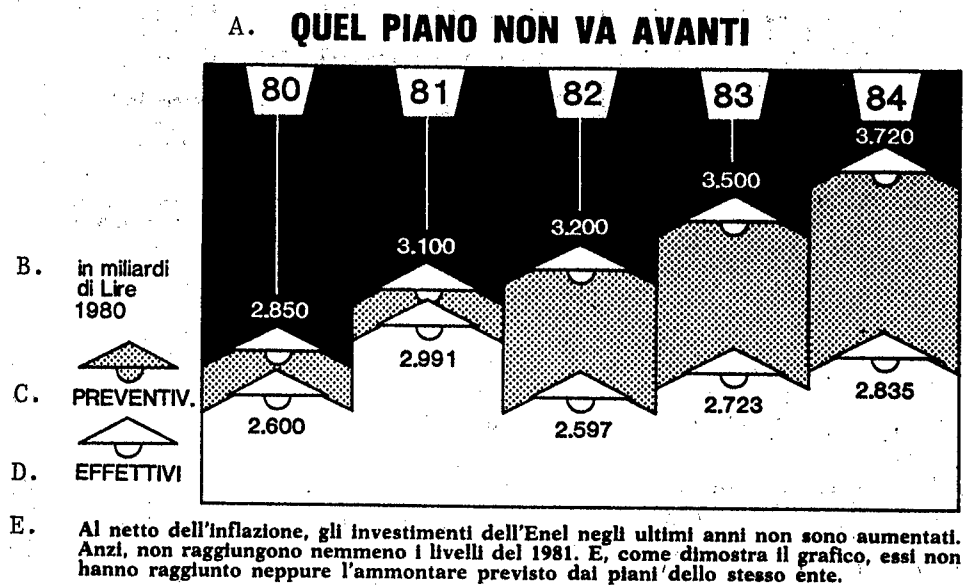
| | DC [Christian Democratic Party] | PCI [Italian Communist Party] | PSI [Italian Socialist Party] | PRI [Italian Republican Party] |
|------------------------------------|---|---|--|---|
| A. Who will control it | B. A single public organ which would centralize all cognizant offices | C. CIPE [Interministerial Committee for Economic Planning] | | D. The Ministry for Industry |
| E. How it is supposed to be set up | F. State agency with industrial management | G. State agency | H. State agency | I. ENEL holding (company with subordinate) operating companies |
| J. Who is going to run it | K. A president with added powers | L. A full-time board of directors | M. A managing director | N. President is a political appointee. A manager for all the companies. |

O. How it is going to be financed

P. Endowments (to be used) only for investments

Q. By encouraging collection of private capital

R. Here is, in short, how the parties want to reform ENEL. However, the problem has not yet been examined by Parliament and study thereof has been assigned, for the time being, to a commission of the Ministry of Industry.



A. The plan is not proceeding well

B. In billions of Lire 1980

C. Estimated

D. Actual

E. ENEL's investments (net after inflation) have not increased during the last few years. As a matter of fact, they don't even reach the 1981 levels. And, as shown in the chart, they have not even reached the amount foreseen in the plans of the same agency.

ENERGY

NORWAY

ALTERNATIVE USES FOR NATURAL GAS STUDIED

Oslo AFTENPOSTEN in Norwegian 29 May 85 p 24

[Article by Flemming Dahl: "Oil Directorate Charts Ideas: Alternative Use of Norwegian Gas Assessed"]

[Text] The Oil Directorate is in the process of mapping out new methods for using natural gas from the continental shelf. Among the possibilities considered suitable by the directorate are electricity production at sea and on land and direct deliveries to Norwegian firms and households.

Tor Helge Hetland, a section manager in the directorate, informs AFTENPOSTEN that a number of oil companies on the shelf have been asked this month to submit ideas for new methods of application. Several companies have already responded, according to Hetland, who thinks that a rough outline may be available late in the autumn.

Norwegian gas is traditionally sold in large quantities to distributing companies on the Continent and in Great Britain; it is transported there through pipelines along the bottom of the sea. But the market outlook suggests that in the future it may be hard to sell all current Norwegian gas at profitable prices to these customers.

The directorate believes it may be especially difficult to get these customers to buy gas from small fields which are located far from existing pipelines. The explanation is that it may be unreasonably expensive--seen in the light of the small quantities of gas--to build new pipelines which connect the fields to existing pipelines.

Another issue is that Norway--according to the market outlook--may also have problems selling gas from large fields to the Continent and Great Britain. Here, however, it is a matter of such large quantities of gas that it seems impractical to count on the kinds of alternative methods of application which the directorate is now mapping out.

Burning of Gas

The small quantities of gas now in the spotlight are partly in pure gas fields and partly in combined oil and gas fields. The pure gas fields may lie untapped

if alternative methods of application are not adopted, while the gas from the combined fields may have to be burned to no avail in the event all the oil is extracted.

Even though it revolves around small quantities of gas from the individual field, it is a matter of amounts which altogether represent a potential sales value of several billion kroner annually. The burning of gas from the Norwegian shelf has virtually been forbidden up until now, and the directorate hopes to avoid the resource wastage which exemptions will entail.

"We cannot just sit around and expect everything to turn out hunky-dory in the future," says section manager Hetland with reference to the not excessively encouraging market outlook. "We have to see which alternative possibilities we have."

With respect to small fields which lie near the coast, the directorate sees opportunities for inexpensive pipelines to land-based power plants. Such power plants will be able to supply existing local firms and in addition create the foundation for new ones, the directorate believes.

Power Plants Out at Sea

It also sees possibilities for electricity production on board platforms out in the fields, with the idea of running the electricity ashore through cables.

Yet another current possibility is to run the gas ashore through pipelines and redistribute it as energy to industry and households via regional pipeline networks--perhaps not only in Norway but also in Sweden.

But for the time being the directorate is anxiously waiting to see what ideas the oil companies have formulated on technical aspects and the profitability of such projects. Nor does the directorate disregard the fact that totally different ideas may crop up.

Section manager Hetland assumes that in the near future the directorate will also contact the Norwegian Watercourse and Electricity Board (NVE). That the NVE does not shut its eyes to the possibilities which gas on the Norwegian shelf represents came to light when energy director Asbjorn Vinjar recently spoke to the department's information service.

"The power supply is now such that we ought to begin to think about electricity production from gas power plants as an alternative or a supplement to hydroelectric power," he said. Vinjar could imagine, among other things, gas-based power production with the idea of exporting some of it. According to Vinjar's statements, electricity from gasworks could compete with hydroelectric power sometime in the 1990s.

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ENERGY

NORWAY

SECRET PACT ENSURES ELF AQUITAINE MAIN ROLE IN NORTH SEA

Oslo AFTENPOSTEN in Norwegian 31 May 85 p 37

[Article by Morten Woldsdal]

[Text] The Statoil and Elf Aquitaine oil companies have entered into a secret cooperation agreement on development of the much sought-after Block 34/8 in the North Sea. In political circles the agreement has been called "unusual" and "remarkable." Under the agreement Elf will be guaranteed a central role in development of the block--if Statoil is designated as the operator there. Through this kind of cooperation the two oil companies want to guarantee future oil jobs in Rogaland, among other things.

The Norwegian authorities have never before been given such a hard time by the oil companies as they were before the distribution of proprietary shares and work assignments on Block 34/8. Each percentage of a share in the block could be worth billions of kroner. Operator and co-operator assignments will also help ensure the future activity of the companies--thereby limiting reductions in the organizations of individual companies.

Supplement to Application

The cooperation agreement between Statoil and Elf was a supplement to the French company's application in the 10th round of concessions, AFTENPOSTEN has learned. This is the first time in Norwegian oil history that two oil companies have entered into such a concrete agreement before the political discussion of a concession round. For that reason the agreement has caused quite a stir in some political circles.

Under the agreement Elf would be ensured a considerably larger role in 34/8 than the company would have with a traditional co-operator role--if Statoil is selected as the block's operator. Elf's organization in Stavanger is in danger of being reduced considerably as the Frigg field in the North Sea is exhausted. Cooperation with Statoil on 34/8 would help maintain a sizable portion of the company's activity in Norway.

Municipal authorities in Stavanger fully support the efforts of Statoil and Elf to acquire a role in 34/8. In both Stavanger and Rogaland they fear

that other oil companies would organize the development of 34/8 from Bergen, for instance--so that the city and county would lose valuable jobs over a period of time as the Elf organization is cut back.

However there is reason to believe that the agreement between Elf and Statoil would not prevent the French company from also working with Norsk Hydro--which is regarded as the clear favorite to win the operator assignment for the block. But it is quite clear that Elf would prefer to work with Statoil.

Unusual Influence

It is being said in political circles that it is very unusual for two oil companies to try to influence the political process in such a concrete way as this. AFTENPOSTEN was reminded that it is the government that ultimately assigns proprietary shares and operator tasks on the continental shelf and that this will be done without regard to any plans for cooperation that various companies have made.

Norsk Hydro, Statoil and Saga Petroleum are competing for the operator assignment for 34/8 while Elf, Mobil and Conoco are primarily fighting for the co-operator job. It is said in political circles that a nonsocialist government would have a hard time getting through 4 years in office without giving Norsk Hydro a single central assignment.

But AFTENPOSTEN has reason to believe that strong forces in the Labor Party want Saga Petroleum to be the operator in the exploratory phase alone. Thus Statoil could assume responsibility for any future development. Saga has indicated an interest in this kind of solution. But it has been called unrealistic in government circles.

Conoco Lying Low

While Elf is betting "everything" on a cooperation with Statoil, Conoco is trying hard to become co-operator for Norsk Hydro. Conoco has kept a much lower profile in public in the fight over 34/8 than Elf and Mobil. Many people think the company has been quite reticent as far as information about its new find on Haltenbanken is concerned. At any rate Conoco's chances for 34/8 will not be strengthened by too much optimism about the field's development possibilities. That is why Conoco is being cautious about declaring the find "profitable to develop" before the 10th round of concessions has been concluded.

Mobil is very cautious about choosing sides in this matter. The company is willing to cooperate with both Statoil and Norsk Hydro. After Mobil lost the operator's responsibility for Statfjord the company has been working very hard to get a new job.

Foreign Ministry Wants Elf

From what AFTENPOSTEN has learned the Foreign Ministry wants Elf to be guaranteed a central position that can secure the company's future organization in Norway.

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CSO: 3639/120

3 July 1985

OCEAN-POLAR ISSUES

ICELAND

ALTHING ADOPTS POSITION ON LAW OF SEA ISSUES

Reykjavik MORGUNBLADID in Icelandic 24 May 85 p 32

[Article: "Althing Resolution: Ratification of United Nations Law of the Sea Treaty"]

[Text] A joint session of the Althing ratified yesterday at the request of the government, with 45 votes in favor, the United Nations Law of the Sea Treaty on behalf of Iceland. Enjolfur Konrad Jonsson, chairman of the Foreign Affairs Committee, reviewed the long history of this important international agreement and said, among other things: "On account of its nature and positioning Iceland has been a leading nation in those developments in which the countries of the North Atlantic have combined together all the territory from the shores of Norway to Canada for the natural purpose of safeguarding much of their riches, increasing them and using them in the interests of all mankind."

Jonsson said in fact that Iceland "has been the leader in law of the sea matters continuously, from the laws on scientific protection of continental shelf fishing banks established in 1948 down to our struggles at the first two Law of the Sea Conferences, held in Geneva in 1958 and 1960." It is significant, Jonsson said, "that the same year that the Third Law of the Sea Conference began in 1973 Iceland was beginning to wage a hard struggle to establish an Icelandic 200-mile economic zone, something that soon came into sight and only two years later such a jurisdiction had become reality."

The Law of the Sea Treaty has in fact become international law, and if such law has not been accepted in Britain and in the United States, it has been accepted, on the other hand, by the European Common Market.

The final struggle now lies before us, said Jonsson. Coastal countries are demanding ocean bottom rights in accordance with the Law of the Sea Treaty and Iceland is among them.

Gunnar G. Schram (SJ) said that ratification of the United Nations Law of the Sea Treaty is one of the most important events in the history of the Althing. It is an historic hour when legislative assemblies of the nations

ratify this treaty. The territorial jurisdiction question was long the most important Icelandic foreign policy question and going out to 200 miles was an important victory.

Schram called attention to the Icelandic delegations to the Law of the Sea Conferences, delegations that accomplished much and did it well under the leadership of Ambassador Hans G. Andersen and accomplishing a major feat in moving the issue before the United Nations.

It is necessary, on the other hands, to underscore the ratification with foresight with regard to possible disputes on sea bottom and continental shelf boundaries and also concerning boundaries of economic zones between Iceland and other countries.

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END